

Department of Homeland Security

Office of Inspector General

Budget Overview



Fiscal Year 2018

Congressional Justification

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Office of Inspector General
Appropriation Organization Structure

Organization Name	Level	Fund Type (* Includes Defense Funding)
Office of Inspector General	Component	
Operations and Support	Appropriation	Discretionary - Appropriation

Office of Inspector General Strategic Context

Component Overview

The Office of Inspector General (OIG) is comprised of the following mission-oriented programs that support achievement of the DHS strategic missions, goals, and objectives.

Mission Support: The Mission Support program provides enterprise leadership, management, and business administrative services that sustain the day-to-day back office operations. Key capabilities include managing the agency’s performance, finances, workforce, physical and personnel security, acquisition of goods and services, information technology, property and assets, communications, legal affairs, and administration.

Component Contributions to Achieving Departmental Missions

The table below shows the alignment of the OIG programs to the DHS Missions and Mature and Strengthen Homeland Security.

Programs	DHS Missions					*Mature and Strengthen Homeland Security
	*Prevent Terrorism and Enhance Security	*Secure and Manage Our Borders	*Enforce and Administer Our Immigration Laws	*Safeguard and Secure Cyberspace	*Strengthen National Preparedness and Resilience	
Mission Support						100%

**Totals account for rounding*

Mature and Strengthen Homeland Security

Resources Requested

OIG resources supporting *Mature and Strengthen Homeland Security* are provided in the table below.

\$ in thousands

Program Name	FY 2016 Revised Enacted		FY 2017 Annualized CR		FY 2018 President's Budget	
	\$	FTE	\$	FTE	\$	FTE
Mission Support ¹	161,467	796	137,151	796	133,974	720

Performance Measures

OIG contributes to this mission, but does not have performance measures in this area.

¹ Total includes the transfer from the FEMA Disaster Relief Fund (DRF).

Office of Inspector General
Budget Comparison and Adjustments

Comparison of Budget Authority and Request
Dollars in Thousands

Organization	FY 2016 Revised Enacted			FY 2017 Annualized CR			FY 2018 President's Budget			FY 2017 to FY 2018 Total Changes		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Operations and Support	867	796	\$161,467	867	796	\$137,151	720	720	\$133,974	(147)	(76)	(\$3,177)
Transfer from FEMA - DRF	-	-	-	-	-	\$24,000	-	-	\$24,000	-	-	-
Total	867	796	\$161,467	867	796	\$161,151	720	720	\$157,974	(147)	(76)	(\$3,177)
Subtotal Discretionary - Appropriation	867	796	\$161,467	867	796	\$161,151	720	720	\$157,974	(147)	(76)	(\$3,177)

O&S funding tables represent overall funding, including transfer from FEMA for display purposes

Overview

Mission:

The Department of Homeland Security (DHS) Office of Inspector General (OIG) conducts and supervises independent audits, inspections, and investigations and recommends ways for DHS to carry out its vital responsibilities in the most effective, efficient, and economical manner possible. The OIG seeks to deter, identify, and address fraud, abuse, mismanagement, and waste of taxpayer funds invested in homeland security.

The OIG is an independent entity to which employees, contractors, and the public can report fraud, waste, and abuse that affects the Department. Results of its findings are reported to the DHS Secretary, Congress, and the public, when appropriate. The OIG seeks to ensure improved transparency, accountability, and efficiency across the Department.

Additional information, including the Inspector General’s congressional testimony, may be accessed through our website at: www.oig.dhs.gov.

Office of Inspector General
Comparison of Obligations
Dollars in Thousands

Budget Authority	FY 2016	FY 2017	FY 2018
Enacted	\$161,488		
Transfers & Reprogrammings	-		
Delta in Enacted Fee Estimate to Fee Actuals	-		
Enacted Rescissions to Prior Year	(\$21)		
Revised Enacted/Request	\$161,467	\$161,151	\$157,974
Carryover and/or Recoveries (Actual/Estimates/Projections)	\$7,439	\$3,398	-
Rescissions to Current Year/Budget Year	-	-	-
Net Sequestered Resources	-	-	-
Supplementals	-	-	-
Total Budget Authority	\$168,906	\$164,549	\$157,974
Collections – Reimbursable Resources	\$18,000	\$18,000	\$18,000
Total Budget Resources	\$186,906	\$182,549	\$175,974
Obligations (Actual/Projections/Estimates)	\$178,808	\$177,906	\$175,974
Personnel: Positions and FTE			
Enacted/Request Positions	867	867	720
Enacted/Request FTE	796	796	720
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	680	750	720
FTE (Actual/Estimates/Projections)	650	725	720

**Office of Inspector General
Personnel Compensation and Benefits**

Pay Summary
Dollars in Thousands

Organization	FY 2016 Revised Enacted				FY 2017 Annualized CR				FY 2018 President's Budget				FY 2017 to FY 2018 Total Changes			
	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate
Operations and Support	867	796	\$119,015	\$149.51	867	796	\$122,178	\$153.48	720	720	\$117,803	\$163.61	(147)	(76)	(\$4,375)	\$10.13
Total	867	796	\$119,015	\$149.51	867	796	\$122,178	\$153.48	720	720	\$117,803	\$163.61	(147)	(76)	(\$4,375)	\$10.13
Discretionary - Appropriation	867	796	\$119,015	\$149.51	867	796	\$122,178	\$153.48	720	720	\$117,803	\$163.61	(147)	(76)	(\$4,375)	\$10.13

* The FTE Rate calculation does not include Object Class 11.8-Special Personal Services Payments or 13.0-Benefits for Former Personnel.

Pay by Object Class
Dollars in Thousands

Pay Object Classes	FY 2016 Revised Enacted	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2017 to FY 2018 Change
11.1 Full-time Permanent	\$78,545	\$80,536	\$78,082	(\$2,454)
11.3 Other than Full-Time Permanent	\$1,244	\$1,276	\$1,237	(\$39)
11.5 Other Personnel Compensation	\$5,802	\$5,949	\$5,768	(\$181)
12.1 Civilian Personnel Benefits	\$33,417	\$34,410	\$32,709	(\$1,701)
13.0 Benefits for Former Personnel	\$7	\$7	\$7	-
Total - Personnel Compensation and Benefits	\$119,015	\$122,178	\$117,803	(\$4,375)
Positions and FTE				
Positions - Civilian	867	867	720	(147)
FTE - Civilian	796	796	720	(76)

**Office of Inspector General
Non Pay Budget Exhibits**

Non Pay Summary
Dollars in Thousands

Organization	FY 2016 Revised Enacted	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2017 to FY 2018 Total Changes
Operations and Support	\$42,452	\$38,973	\$40,171	\$1,198
Total	\$42,452	\$38,973	\$40,171	\$1,198
Discretionary - Appropriation	\$42,452	\$38,973	\$40,171	\$1,198

Non Pay by Object Class
Dollars in Thousands

Non-Pay Object Classes	FY 2016 Revised Enacted	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2017 to FY 2018 Change
21.0 Travel and Transportation of Persons	\$4,148	\$4,061	\$3,645	(\$416)
22.0 Transportation of Things	\$36	\$36	\$36	-
23.1 Rental Payments to GSA	\$13,104	\$13,304	\$15,097	\$1,793
23.2 Rental Payments to Others	\$406	\$406	\$406	-
23.3 Communications, Utilities, and Misc. Charges	\$2,983	\$3,043	\$3,104	\$61
24.0 Printing and Reproduction	\$34	\$35	\$35	-
25.1 Advisory and Assistance Services	\$1,874	\$1,074	\$1,095	\$21
25.2 Other Services from Non-Federal Sources	\$6,590	\$5,487	\$5,474	(\$13)
25.3 Other Goods and Services from Federal Sources	\$6,745	\$5,398	\$5,308	(\$90)
25.4 Operation and Maintenance of Facilities	\$283	\$285	\$287	\$2
25.7 Operation and Maintenance of Equipment	\$1,377	\$1,305	\$1,279	(\$26)
26.0 Supplies and Materials	\$1,050	\$1,071	\$969	(\$102)
31.0 Equipment	\$3,671	\$3,317	\$3,285	(\$32)
42.0 Insurance Claims and Indemnities	\$10	\$10	\$10	-
91.0 Unvouchered	\$141	\$141	\$141	-
Total - Non Pay Object Classes	\$42,452	\$38,973	\$40,171	\$1,198

**Office of Inspector General
Supplemental Budget Justification Exhibits**

Working Capital Fund

Dollars in Thousands

Appropriation and PPA	FY 2016 Revised Enacted	FY 2017 Annualized CR	FY 2018 President's Budget
Operations and Support	\$1,554	\$832	\$742
Total Working Capital Fund	\$1,554	\$832	\$742

Authorized/Unauthorized Appropriations

Dollars in Thousands

Budget Activity	Last year of Authorization	Authorized Level	Appropriation in Last Year of Authorization	FY 2018 President's Budget
	Fiscal Year	Amount	Amount	Amount
Operations and Support	N/A	N/A	N/A	\$157,974
Total Direct Authorization/Appropriation	N/A	N/A	N/A	\$157,974

Office of Inspector General Proposed Legislative Language

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978 (5 U.S.C. App.), [\$157,144,000] **\$133,974,000**, of which not to exceed \$300,000300,000 may be used for certain confidential operational expenses, including the payment of informants, to be expended at the direction of the Inspector General. *Note.—A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.*

Language Provision	Explanation
[\$157,144,000] \$133,974,000	Dollar change only. No substantial change proposed.

Reimbursable Resources

Dollars in Thousands

Collections	FY 2016 Revised Enacted			FY 2017 Annualized CR			FY 2018 President's Budget			FY 2017 to FY 2018 Change		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Department of Homeland Security - Departmental Management and Operations	-	-	\$18,000	-	-	\$18,000	-	-	\$18,000	-	-	-
Operations and Support	-	-	\$18,000	-	-	\$18,000	-	-	\$18,000	-	-	-
Total Collections	-	-	\$18,000	-	-	\$18,000	-	-	\$18,000	-	-	-

¹Reimbursable Resources reported in this document differ from MAX A-11 due to estimates reported at a later date than the MAX A-11 lock dates.

Department of Homeland Security

Office of Inspector General

Operations and Support



Fiscal Year 2018 Congressional Justification

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Operations and Support

Budget Comparison and Adjustments

Comparison of Budget Authority and Request

Dollars in Thousands

Organization	FY 2016 Revised Enacted			FY 2017 Annualized CR			FY 2018 President's Budget			FY 2017 to FY 2018 Total Changes		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
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Overview

Mission:

The Department of Homeland Security (DHS) Office of Inspector General (OIG) conducts and supervises independent audits, inspections, and investigations and recommends ways for DHS to carry out its vital responsibilities in the most effective, efficient, and economical manner possible. The OIG seeks to deter, identify, and address fraud, abuse, mismanagement, and waste of taxpayer funds invested in homeland security.

The OIG is an independent entity to which employees, contractors, and the public can report fraud, waste, and abuse that affects the Department. Results of its findings are reported to the DHS Secretary, Congress, and the public, when appropriate. The OIG seeks to ensure improved transparency, accountability, and efficiency across the Department.

Additional information, including the Inspector General's congressional testimony, may be accessed through our website at: www.oig.dhs.gov.

Budget Activities:

The DHS OIG is committed to delivering relevant, accurate, timely, and high quality products and services that identify the best use of taxpayer dollars. To accomplish this, we conduct integrated audits, inspections, evaluations, and investigations focused on high-risk and high-impact, vulnerable programs and activities. Our unified, coordinated program of independent and objective audits, inspections, evaluations, and investigations helps the Department fulfill its vital mission to secure our Nation and safeguard its people. DHS OIG was established through the *Homeland Security Act of 2002* by amendment to the *Inspector General Act of 1978* and

proudly serves the men and women of the Department and its Secretary, the President, Congress, and the American people.

As an agent of change, the DHS OIG detects and eliminates fraud, waste, and abuse; identifies risk areas; and recommends corrective actions for Department management to implement. The OIG aligns its work with the Department's five mission areas: 1) preventing terrorism and enhancing security; 2) securing and managing our borders; 3) enforcing and administering immigration laws; 4) safeguarding and securing cyberspace and, 5) strengthening national preparedness and resilience. We conduct legislatively mandated work and requested reviews to address the concerns of Congress, the Department, and other stakeholders.

The OIG plays a unique role in reducing waste in the Federal Government. For every dollar spent on the DHS OIG, we return over seven dollars, based on the statutory metrics laid out in the *Inspector General Act*. This does not include the contributions we make to public safety and national security in our program audits, which have no direct monetary impact, but serve to give insight into troubled programs and operations.

Our office reflects the size and complexity of the Department. In a typical year, we issue nearly 200 audit and inspection reports and conduct over 600 investigations. In our audit and inspection reports, we make nearly 400 recommendations in an average year. We receive nearly 19,000 complaints through our hotline and website, including over 400 whistleblower complaints per year, and have pending nearly 1,000 investigations at any one time.

The DHS OIG conveys to the Department and its stakeholders impartial, timely information about the performance of programs and operations, and objectively assesses emerging concerns. Our recommendations are designed to promote good governance, informed decision making, and accountability.

The DHS OIG is committed to helping the Department achieve its critical missions and ensuring the proper stewardship and integrity of Departmental programs and resources.

Budget Request Summary:

In the FY 2018 President's Budget, the DHS OIG requests \$157.974 million, 720 full-time positions (FTP), and 720 full-time equivalents (FTE), including a \$24 million transfer from the Federal Emergency Management Agency's (FEMA) Disaster Relief Fund (DRF). This request provides resources for the OIG to perform its oversight responsibilities as an independent and objective audit, inspection, and investigative entity promoting economy, effectiveness, and efficiency in DHS programs and operations.

Included in the FY 2018 request is \$2.211 million for training and \$0.410 million to support the Council of the Inspector General on Integrity and Efficiency (CIGIE).

The budget request represents a decrease of \$3.177 million from the FY 2017 Annualized Continuing Resolution funding level.

Adjustments-to base include:¹

Transfers:

- \$24 million transfer in from the Federal Emergency Management Agency (FEMA) Disaster Relief Fund (DRF)
- \$0.077 million transfer out for Working Capital Fund (WCF) activity cost removals, which includes:
 - \$0.049 million to USM/CHCO
 - \$0.009 million to USM/CIO
 - \$0.004 million to USM/CRSO
 - \$0.002 million to I&A
 - \$0.011 million to USM/CSO
 - \$0.002 million to OGC

Increases:

- \$0.342 million for annualization of the 2016 pay increase
- \$1.353 million for the 2017 pay increase
- \$0.458 million for annualization of the FY 2017 pay increase
- \$1.243 million for the 2018 pay increase
- \$13.880 million and 71 FTE for annualization of prior year increases²
- \$1.793 million for General Services Administration (GSA) rent increase

Decreases:

- \$19.956 million and 147 FTE/FTP³ for personnel reduction. OIG will manage staffing levels to account for this reduction.
- \$2.213 million for reduced operational support costs due to personnel reduction
- \$24 million for non-recur of FY 2017 FEMA DRF Transfer

Inspector General's Comments:

Sections 6(f)(3)(E) and 4(a)(5) of the *Inspector General Act* require the Inspector General to submit a separate message to Congress with regard to its budget where, as here, “the Inspector General concludes that the budget submitted by the President would

¹ Adjustments-to-base are additionally displayed in the Summary of Budget Changes chart on page 11.

² Please note that the 71 FTE were initially authorized in the FY 2016 appropriation and were not funded in FY 2017 due to the Continuing Resolution.

³ Please note that this includes 71 FTE that will not be annualized in FY 2018.

substantially inhibit the Inspector General from performing the duties of the office.” Additionally, section 6(f)(3)(A) requires us to inform Congress of the budget estimate we proposed to the Department. These requirements are unique to the Office of Inspector General (OIG) and recognize the independence and dual reporting that is central to the IG mission. This statement satisfies that requirement.

As recently as January 2017, Mick Mulvaney, Director of the Office of Management and Budget (OMB), testified at his confirmation hearing:

We are underutilizing a tool [the Inspectors General] ... most of the data, a lot of times, that we have at the Oversight and Government Reform [Committee] hearings are driven by the IG. Congress needs to have those inspectors general doing their job and helping us collect information so we can make good decisions about how to fix and reform various institutions. I do look forward to making that a priority at OMB.

Although Director Mulvaney recognized the priority role the OIG should play in the new Administration, the President’s fiscal year (FY) 2018 budget (President’s Budget) *decreases* the OIG 9 percent from the FY 2017 appropriation of \$175 million. At the same time, the President’s Budget *increases* DHS’ overall funding by 3.5 percent over FY 2017 enacted levels, including increases in historically high-risk areas and decreases in other areas. Fraud and mismanagement most often occur in times of rapid expansion and reduction, and reducing the Department’s oversight arm will prevent Department leadership and Congress from fully understanding the challenges and risks that this change will bring.

Congress also has acknowledged the value of our work, as reflected in increases in the DHS OIG budget in FYs 2016 and 2017 after years of flat funding. In the Senate Report for the FY 2017 DHS Appropriations Bill, the Senate Appropriations Committee recognized the “great strides under the current Inspector General in restoring [the OIG’s] credibility and capabilities” and recommended an enhancement above 2016 levels “to sustain staffing increases and provide the resources to meet the mission.” Consistent with this recommendation, Congress again increased OIG’s appropriation in FY 2017 by \$13.5 million over FY 2016 levels.

For FY 2018, we submitted an initial request to the Department of \$194.8 million, which represented a modest increase from the \$181.1 million proposed in the President’s FY 2017 budget.

However, the FY 2018 President’s Budget reduces the OIG’s funding to \$158 million — over \$36 million less than the OIG’s initial request and \$17 million less than the funding levels enacted in the FY 2017 appropriation. At the President’s Budget level of funding, the OIG will be unable to conduct adequate oversight operations in line with the Department’s significant growth in critical areas of law enforcement, border protection, and cybersecurity in FY 2018. In fact, the level of funding under the President’s Budget would require a reduction in force from current staffing levels.

The OIG believes that a budget of \$188.1 million, which the Department supported, would appropriately fund the OIG's requirements in FY 2018. This level of funding includes resources for essential personnel to support the Acquisitions Management Oversight, Fraud, and Computer Forensics programs, which will help the Department to better manage and optimize financial resources, property/assets, and procurement. It would also restore funding for the Data Analytics Initiative. This crucial initiative will enable the OIG to perform data-driven analyses to accurately capture, categorize, and analyze data on DHS programs that are vulnerable to fraud, waste, and abuse, and security exploitation. Additionally, we seek to reinstate reductions based on anticipated attrition that will not be realized in FY 2018.

The Brookings Institute's Center for Effective Public Management, an independent research organization, has analyzed the financial impact on government when OIGs' budgets are cut and found that cuts to OIG budgets actually *cost* the government money and contribute to the Federal deficit. The DHS OIG offers the federal government and American taxpayers an impressive return on investment. With the requested investment of \$188.1 million, the OIG will be able to respond to the increased risk of fraud, waste, and abuse in DHS programs and operations; help the Department meet its public safety and national security mission; and undertake congressionally requested audits, inspections, and investigations. Funding at a lower level will necessarily have a negative impact on the OIG's ability to meet its important mission.

Mission Support PPA Description:

The Mission Support PPA provides funding and personnel for the DHS OIG to perform its oversight responsibilities to assess the Department's risks and weaknesses and to promote the efficient and effective use of limited resources.

Specifically, the OIG's resources support the following key legislated responsibilities:

- Promote economy, efficiency, and effectiveness in managing the Department's programs and supporting operations;
- Conduct and supervise audits, investigations, and inspections of the Department's programs and support operations;
- Detect and prevent fraud, waste, and abuse;
- Inform the DHS Secretary and Congress about problems and deficiencies, as well as recommended corrective actions and implementation strategies;
- Review existing and proposed legislation and regulations and make appropriate recommendations;
- Maintain effective working relationships with other Federal, state, and local government agencies, and non-governmental entities;
- Comply with the audit standards of the Comptroller General of the United States and avoid duplication of Government Accountability Office activities; and
- Report violations of Federal criminal law to the U.S. Attorney General.

Operations and Support Budget Authority and Obligations

Dollars in Thousands

Budget Authority	FY 2016	FY 2017	FY 2018
Enacted	\$161,488		
Transfers & Reprogrammings	-		
Delta in Enacted Fee Estimate to Fee Actuals	-		
Enacted Rescissions to Prior Year	(\$21)		
Revised Enacted/Request	\$161,467	\$161,151	\$157,974
Carryover and/or Recoveries (Actual/Estimates/Projections)	\$7,439	\$3,398	-
Rescissions to Current Year/Budget Year	-	-	-
Net Sequestered Resources	-	-	-
Supplementals	-	-	-
Total Budget Authority	\$168,906	\$164,549	\$157,974
Collections – Reimbursable Resources	\$18,000	\$18,000	\$18,000
Total Budget Resources	\$186,906	\$182,549	\$175,974
Obligations (Actual/Projections/Estimates)	\$178,808	\$177,906	\$175,974
Personnel: Positons and FTE			
Enacted/Request Positions	867	867	720
Enacted/Request FTE	796	796	720
Onboard and Actual FTE; Includes Collections - Reimbursable Resources			
Onboard (Actual/Estimates/Projections)	680	750	720
FTE (Actual/Estimates/Projections)	650	725	720

Operations and Support
Summary of Budget Changes
Dollars in Thousands

Budget Formulation Activity	Positions	FTE	Amount
FY 2016 Enacted	867	796	\$161,488
FY 2016 Rescission	-	-	(\$21)
Total Rescissions	-	-	(\$21)
FY 2016 Revised Enacted	867	796	\$161,467
FY 2017 Annualized CR	867	796	\$161,151
FY 2018 Base Budget	867	796	\$161,151
Transfer from FEMA DRF	-	-	\$24,000
Transfer to I&A from OIG/O&S due to I&A WCF Activity Costs Removal	-	-	(\$2)
Transfer to OGC from OIG/O&S due to OGC WCF Activity Costs Removal	-	-	(\$2)
Transfer to USM/CHCO from OIG/O&S due to CHCO WCF Activity Costs Removal	-	-	(\$49)
Transfer to USM/CIO from OIG/O&S due to CIO WCF Activity Costs Removal	-	-	(\$9)
Transfer to USM/CRSO from OIG/O&S due to CRSO WCF Activity Costs Removal	-	-	(\$4)
Transfer to USM/CSO from OIG/O&S due to CSO WCF Activity Costs Removal	-	-	(\$11)
Total Transfers	-	-	\$23,923
2016 Annualized Pay Increase	-	-	\$342
2017 Annualized Pay Increase	-	-	\$458
2017 Pay Increase	-	-	\$1,353
2018 Pay Increase	-	-	\$1,243
Annualization of Prior Year FTE	-	71	\$13,880
GSA Rent Increase	-	-	\$1,793
Total, Pricing Increases	-	71	\$19,069
Decrease in Operational Support Costs due to Personnel Reduction	-	-	(\$2,213)
Non-Recur of FY 2017 FEMA DRF Transfer	-	-	(\$24,000)
Personnel Reduction	(147)	(147)	(\$19,956)
Total, Pricing Decreases	(147)	(147)	(\$46,169)
Total Adjustments-to-Base	(147)	(76)	(\$3,177)
FY 2018 Current Services	720	720	\$157,974

Budget Formulation Activity	Positions	FTE	Amount
FY 2018 Request	720	720	\$157,974
FY 2017 TO FY 2018 Change	(147)	(76)	(\$3,177)

*71 FTE authorized in the FY 2016 appropriation were not funded in FY 2017 due to the Continuing Resolution and will not be funded in FY 2018.

Operations and Support
Justification of Pricing Changes
Dollars in Thousands

Pricing Changes	FY 2018 President's Budget		
	Positions	FTE	Amount
Pricing Change 1 - 2016 Annualized Pay Increase	-	-	\$342
Pricing Change 2 - 2017 Annualized Pay Increase	-	-	\$458
Pricing Change 3 - 2017 Pay Increase	-	-	\$1,353
Pricing Change 4 - 2018 Pay Increase	-	-	\$1,243
Pricing Change 5 - Annualization of Prior Year FTE	-	71	\$13,880
Pricing Change 6 - Decrease in Operational Support Costs due to Personnel Reduction	-	-	(\$2,213)
Pricing Change 7 - GSA Rent Increase	-	-	\$1,793
Pricing Change 8 - Non-Recur of FY 2017 FEMA DRF Transfer	-	-	(\$24,000)
Pricing Change 9 - Personnel Reduction	(147)	(147)	(\$19,956)
Total Pricing Changes	(147)	(76)	(\$27,100)

*Total pricing changes do not include the \$24M transfer in from the FEMA Disaster Relief Fund.

Increases include:

- 2016 Annualized Pay Increase: \$0.342 million for funding the annualization of the 2016 pay increase of 1.6%.
- 2017 Annualized Pay Increase: \$0.458 million for funding the annualization of the 2017 pay increase of 2.1%.
- 2017 Pay Increase: \$1.353 million for funding the 2017 pay increase of 2.1%.
- 2018 Pay Increase: \$1.243 million for funding the 2018 pay increase of 1.9%.
- Annualization of Prior Year FTE: \$13.880 million and 71 FTE to annualize personnel initially authorized in the FY 2016 appropriation.⁴
- General Services Administration (GSA) rent increase: \$1.793 million for increased GSA rental costs at OIG facilities.

⁴ Please note that the 71 FTE were initially authorized in the FY 2016 appropriation and were not funded in FY 2017 due to the Continuing Resolution. The 71 FTE will not be annualized in FY 2018 as reflected in Pricing Change 9.

Decreases include:

- Personnel Reduction: (\$19.956) million and (147) FTE/FTP.⁵ OIG will manage staffing levels to account for this reduction.
 - An estimated 117 FTP are currently vacant.
- Decrease in Operational Support Costs due to Personnel Reduction: (\$2.213) million reduction in travel, training, and supplies expenditures resulting from reduced personnel levels.
- Non-Recur of FY 2017 FEMA DRF Transfer: (\$24 million) as this funding is treating as a non-recur. This FY 2018 request provides for a renewed transfer of \$24 million from the FEMA DRF fund.

⁵ Please note that this includes 71 FTE that will not be annualized in FY 2018.

Operations and Support Personnel Compensation and Benefits

Pay Summary *Dollars in Thousands*

Organization	FY 2016 Revised Enacted				FY 2017 Annualized CR				FY 2018 President's Budget				FY 2017 to FY 2018 Total Changes			
	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate	Pos.	FTE	Amount	Rate
Operations and Support	867	796	\$119,015	\$149.51	867	796	\$122,178	\$153.48	720	720	\$117,803	\$163.61	(147)	(76)	(\$4,375)	\$10.13
Total	867	796	\$119,015	\$149.51	867	796	\$122,178	\$153.48	720	720	\$117,803	\$163.61	(147)	(76)	(\$4,375)	\$10.13
Discretionary - Appropriation	867	796	\$119,015	\$149.51	867	796	\$122,178	\$153.48	720	720	\$117,803	\$163.61	(147)	(76)	(\$4,375)	\$10.13

* The FTE Rate calculation does not include Object Class 11.8-Special Personal Services Payments or 13.0-Benefits for Former Personnel.

NARRATIVE EXPLANATION OF CHANGES

OIG's Personnel Compensation and Benefits is comprised of pay and benefits costs for 720 FTE in FY 2018. The funding amount includes several adjustments to base, including mandated pay increases and decreases due to the personnel strength reduction.

FTE Change FY 2017-2018: This request includes a reduction of 76 FTE, plus an additional 71 FTE that would not be annualized in FY 2018. OIG will manage staffing levels to account for this change while remaining fully committed to helping the Department achieve its critical missions and ensuring the proper stewardship and integrity of Departmental programs and resources.

PCB Change FY 2017-2018: Several adjustments to base comprise the PC&B change from FY 2017 to FY 2018. These include mandated pay and benefit increases and decreases. The net result of these adjustments is (\$4.375 million).

Average Cost Change FY 2017-2018: The increase in average cost per FTE is due to required pay and benefit increases.

Operations and Support Pay by Object Class

Dollars in Thousands

Pay Object Classes	FY 2016 Revised Enacted	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2017 to FY 2018 Change
11.1 Full-time Permanent	\$78,545	\$80,536	\$78,082	(\$2,454)
11.3 Other than Full-Time Permanent	\$1,244	\$1,276	\$1,237	(\$39)
11.5 Other Personnel Compensation	\$5,802	\$5,949	\$5,768	(\$181)
12.1 Civilian Personnel Benefits	\$33,417	\$34,410	\$32,709	(\$1,701)
13.0 Benefits for Former Personnel	\$7	\$7	\$7	-
Total - Personnel Compensation and Benefits	\$119,015	\$122,178	\$117,803	(\$4,375)
Positions and FTE				
Positions - Civilian	867	867	720	(147)
FTE - Civilian	796	796	720	(76)

Pay Cost Drivers

Dollars in Thousands

Leading Cost-Drivers	FY 2016 Revised Enacted			FY 2017 Annualized CR			FY 2018 President's Budget			FY 2017 to FY 2018 Total Changes		
	FTE	Amount	Rate	FTE	Amount	Rate	FTE	Amount	Rate	FTE	Amount	Rate
Civilian Pay and Benefits	796	119,015	\$149.51	796	122,178	\$153.48	720	117,803	\$163.61	(76)	(4,375)	\$10.12
Total – Pay Cost Drivers	796	119,015	\$149.51	796	122,178	\$153.48	720	117,803	\$163.61	(76)	(4,375)	\$10.12

OIG's major cost driver (both pay and non-pay) is funding for Personnel Compensation and Benefits. The FTE and Pay decrease from FY 2017 to FY 2018 is due to the reduction in personnel strength. The pay rate increase from FY 2017 to FY 2018 is due to required increases in pay and retirement benefits.

**Operations and Support
Permanent Positions by Grade – Appropriation**

Grades and Salary Range	FY 2016 Revised Enacted	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2017 to FY 2018 Change
Total, SES	18	18	18	-
Total, EX	1	1	1	-
GS-15	76	76	62	-14
GS-14	158	158	131	-27
GS-13	289	289	237	-52
GS-12	244	244	200	-44
GS-11	44	44	36	-8
GS-9	13	13	11	-2
GS-8	2	2	2	-
GS-7	6	6	6	-
GS-6	1	1	1	-
GS-5	4	4	4	-
GS-4	11	11	11	-
Total Permanent Positions	867	867	720	-147
Position Locations				
Headquarters	364	364	302	-62
U.S. Field	503	503	418	-85
Averages				
Average Personnel Costs, ES Positions	172,047	174,284	176,550	2,266
Average Personnel Costs, GS Positions	98,137	99,707	101,601	1,894
Average Grade, GS Positions	13	13	13	-

Operations and Support Non Pay Budget Exhibits

Non Pay Summary

Dollars in Thousands

Organization	FY 2016 Revised Enacted	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2017 to FY 2018 Total Changes
Operations and Support	\$42,452	\$38,973	\$40,171	\$1,198
Total	\$42,452	\$38,973	\$40,171	\$1,198
Discretionary - Appropriation	\$42,452	\$38,973	\$40,171	\$1,198

Non Pay by Object Class

Dollars in Thousands

Non-Pay Object Classes	FY 2016 Revised Enacted	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2017 to FY 2018 Change
21.0 Travel and Transportation of Persons	\$4,148	\$4,061	\$3,645	(\$416)
22.0 Transportation of Things	\$36	\$36	\$36	-
23.1 Rental Payments to GSA	\$13,104	\$13,304	\$15,097	\$1,793
23.2 Rental Payments to Others	\$406	\$406	\$406	-
23.3 Communications, Utilities, and Misc. Charges	\$2,983	\$3,043	\$3,104	\$61
24.0 Printing and Reproduction	\$34	\$35	\$35	-
25.1 Advisory and Assistance Services	\$1,874	\$1,074	\$1,095	\$21
25.2 Other Services from Non-Federal Sources	\$6,590	\$5,487	\$5,474	(\$13)
25.3 Other Goods and Services from Federal Sources	\$6,745	\$5,398	\$5,308	(\$90)
25.4 Operation and Maintenance of Facilities	\$283	\$285	\$287	\$2
25.7 Operation and Maintenance of Equipment	\$1,377	\$1,305	\$1,279	(\$26)
26.0 Supplies and Materials	\$1,050	\$1,071	\$969	(\$102)
31.0 Equipment	\$3,671	\$3,317	\$3,285	(\$32)
42.0 Insurance Claims and Indemnities	\$10	\$10	\$10	-
91.0 Unvouchered	\$141	\$141	\$141	-
Total - Non Pay Object Classes	\$42,452	\$38,973	\$40,171	\$1,198

Operations and Support Non Pay Cost Drivers

Dollars in Thousands

Leading Non Pay Cost-Drivers	FY 2016 Revised Enacted	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2017 to FY 2018 Total Changes
Rental Payments	13,510	13,710	15,503	1,796
Other Contractual Services	15,492	12,244	12,164	(80)
Equipment (including Operation and Maintenance)	5,048	4,622	4,564	(58)
Travel	4,148	4,061	3,645	(416)
Communications and Utilities	2,983	3,043	3,104	61
Other Costs	1,271	1,293	1,191	(102)
Total Non Pay Cost Drivers	42,452	38,973	40,171	1,198

NARRATIVE EXPLANATION OF CHANGES

FY 2018 Non- Pay Cost Driver 1 – Rental Payments: The increase of \$1.8 million is due to an increase in GSA rental payments. This cost driver includes both GSA and non-GSA rental payments.

FY 2018 Non- Pay Cost Driver 2 - Other Contractual Services: The decrease of \$0.08 million is due to the Working Capital Fund (WCF) activity transfers and lower operational support costs as a result of the personnel reduction. This cost driver includes the following categories:

- Advisory and Assistance Services
- Goods and Services from Federal and Non-Federal Accounts
- Operation and Maintenance of Facilities

FY 2018 Non- Pay Cost Driver 3 – Equipment: The decrease of \$0.06 million is due to normal fluctuations in cost. This cost driver includes both Equipment and Operation and Maintenance of Equipment.

FY 2018 Non- Pay Cost Driver 4 – Travel: The decrease of \$0.4 million is due to the anticipated reduction of operational support costs as a result of the personnel reduction.

FY 2018 Non- Pay Cost Driver 5 - Communications and Utilities: The increase of \$0.06 million is due to normal fluctuations in cost.

FY 2018 Non- Pay Cost Driver - Other Costs: The decrease of \$0.102 million is due to lower operational support costs as a result of the personnel reduction. This cost driver includes the following categories:

- Transportation of Things
- Printing and Reproduction
- Supplies and Materials