

THE WHITE HOUSE  
OFFICE OF DOMESTIC POLICY

JUL 11 REC'D

CAROL H. RASCO  
Assistant to the President for Domestic Policy

To: \_\_\_\_\_  
\_\_\_\_\_

Draft response for POTUS  
and forward to CHR by: \_\_\_\_\_

Draft response for CHR by: \_\_\_\_\_

Please reply directly to the writer  
(copy to CHR) by: \_\_\_\_\_

Please advise by: \_\_\_\_\_

Let's discuss: \_\_\_\_\_

For your information: \_\_\_\_\_

Reply using form code: \_\_\_\_\_

File: NPR on Natl Performance Review

Send copy to (original to CHR): \_\_\_\_\_

Schedule ? :  Accept  Pending  Regret

Designee to attend: \_\_\_\_\_

Remarks: Copy to Bill Kriston @  
Requested w/ red dot.  
13

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ambassador to a regional presence, may well object to the appearance of a lessened U.S. interest. However, NPR is merely recommending that State explore options which would allow for cost savings and efficiency, while still addressing in full the relationship with the relevant countries.

We would like to send this report to the printer as soon as possible. Please send me any comments you might have by COB on Friday, July 15th. Copies of the report can be obtained within hours by calling Jean Logan at 632-0334.



OFFICE OF THE VICE PRESIDENT

WASHINGTON

**MEMORANDUM TO THE VICE PRESIDENT**

**FROM:** Elaine Kamarck  
**RE:** Department of State and U.S. Information Agency  
NPR Accompanying Report  
**DATE:** July 8, 1994

The NPR accompanying report on the Department of State and U.S. Information Agency contains 9 recommendations, all of which are currently being implemented. In line with the report recommendations the State Department has taken steps to modernize its management systems and infrastructure that support the conduct of U.S. foreign policy, paving the way for additional consolidation and coordination of multi-agency efforts in foreign countries. State is well on its way to moving the Mexico City Regional Administrative Management Center (RAMC) to Charleston, S.C., and will ultimately move functions from the two other RAMC (Bangkok and Paris) there as well, allowing for standardized processing and reduced costs. USIA, in its efforts to cut costs while still meeting foreign relations needs, is reevaluating its overseas library services. Legislation has also recently passed (HR2333,S1281) allowing for the consolidation of nonmilitary international broadcasting.

**Reviews**

The report was reviewed by Tracy Davis of OMB, who suggested only one change which has been incorporated in the report. The NPR liaisons from State (Joe Melrose; Liza McClenaghan) and USIA (Rob Nevitt) have reviewed the report and most of their changes have been incorporated as well. In addition, they raised some political concerns, which are set out below.

**Known Political Sensitivities**

**DOS01: Expand the Authority of Chiefs of Mission Overseas.** As indicated above, State has been taking steps to coordinate and consolidate U.S. activities in foreign countries to a greater extent than in the past. This recommendation promotes a number of pilot projects in countries of differing circumstances, to establish the great benefit of coordinating U.S. foreign policy and practice. There will be resistance both from other federal agencies interested in pursuing their own agendas, and from congressional oversight committees.

**DOS05: Reduce Mission Operating Costs.** In line with other cost saving initiatives, this recommendation proposes that State consider alternative models of representation abroad, including the possibility of consolidating activities into regional embassies. Countries which might lose their own

JUL 11 REC'D

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM

TO: Assistants to the President  
David Gergen  
George Stephanopoulos

FROM: Phil Lader *PL*

RE: NPR Accompanying Report

Elaine Kamarck has asked me to circulate this memo about the Department of State *USIA* before it is published.

Please provide her with any comments before close of business on July 15, 1994.

Thanks!

arg: CBR  
X: Breed  
9/15/93  
um  
~~4/15/93~~

FAX MESSAGE COVER SHEET

CENTER ON BUDGET AND POLICY PRIORITIES  
777 North Capitol Street, NE, Suite 705  
Washington, DC 20002

Telephone: 202/408-1080  
Fax: 202/408-1056

<u>TO</u>	Perage Stephanopoulos	<u>DATE</u>	9/15/93
<u>FAX</u>	White House		
<u>FROM</u>	Bob Greenstein		

Number of Pages Transmitted  
Including This Cover Sheet Is

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If there are any problems with the transmission of this document,  
please call 202/408-1080.

Card

SEP 10 REC'D

Our materials on The National  
Performance Review. Three items are  
enclosed

1. Cover Memo
2. Overview analysis of The Review & especially of problems with the cost estimates
3. A piece on biennial budgeting
4. WEC Empowerment's - with ~~key~~ ~~sets~~ ~~5-00~~ ~~million~~ Deb



# CENTER ON BUDGET AND POLICY PRIORITIES

TO: Carol Rasco  
FROM: Bob Greenstein  
RE: National Performance Review

September 9, 1993

I'm enclosing the analysis I've written concerning the National Performance Review, along with an accompanying analysis on biennial budgeting. I am also including a third piece that examines the \$500 million savings estimate for the Review's WIC recommendations.

Some of the points in the main paper may be discussed in tomorrow's *Post*; Ann Devroy called me about them today.

Our principal message — as stated in the third paragraph on page 1 — is that the Review should not be judged on the precise amount it would save or the specific number of federal jobs it would eliminate, but rather on whether the recommendations would improve government performance and efficiency. While some of the recommendations are questionable or unwise, most seem sound and some are very important. As a whole, the recommendations should significantly improve performance. Our conclusion is that if the savings turn out to be significantly smaller than \$108 billion but still are substantial — and government performance materially improves — the Review will have been a great success.

My biggest fear is that the savings estimates will get locked in by Congress and prove unrealistic and that as a result, we'll lose much or all of those Clinton investments that remain. Some in the Administration may be unhappy with our pieces, but we view them not only as decent analysis but as our effort to help the Administration win approval of the principal Review recommendations without jeopardizing the investments. If Members of Congress give less weight to the specific savings numbers in the Review — and understand that some of the savings estimates are necessarily uncertain — the chances that these numbers will be locked in and that the caps will be lowered may lessen.

I appreciated the opportunity to talk to you about this today. Please let me know if there is anything we can do that would be helpful.

777 North Capitol Street, NE, Suite 705, Washington, DC 20002 Tel: 202-408-1080 Fax: 202-408-1056

by Robert Greenstein

The National Performance Review, released today, contains a series of  
... performance and efficiency. While not every

important ideas to improve government performance and efficiency. While not every recommendation is wise, the Review as a whole could make the federal government more effective in doing its work and leaner at the same time.

The Review's chief weakness is its estimates for how much can be saved and how many federal jobs can be shed. Some of the estimates do not appear to have a firm basis and are likely to prove too high, perhaps by a substantial amount.

But the Review and its recommendations should not be judged on the precise amounts that would be saved or the specific percentage reduction in the federal workforce that could realistically be achieved. The recommendations should be judged on their merits — whether they improve government performance and efficiency. If savings turn out to be significantly smaller than \$108 billion but still are substantial — and government performance materially improves — the Review will have been a major success.

Particularly important are the recommendations to ease the welter of bureaucratic regulations that encumber government hiring and firing practices and often prevent managers from hiring the most capable individuals — or letting go those who fail to perform — unless managers are willing to devote unreasonable amounts of time and resources to such actions. The recommendations to streamline government procurement rules also hold promise, as do the proposals to weed out various government subsidies that serve certain special interests and cannot be justified in times of fiscal stringency.

Some of the recommendations to redesign the federal budget process have less merit; the recommendation to institute biennial budgeting would likely prove counterproductive. At a time when the Administration is calling for shifts in budget priorities, with fewer resources for Cold War-era defense programs and for less effective domestic programs and greater resources for high priority investments to help the economy grow over the long term, budgeting only once every two years is likely to slow down these budgetary shifts. It thus could weaken rather than strengthen efforts to change the *status quo* in allocating limited resources. This problem is aggravated by the fact that under the NPR recommendations, budgets would be considered only in even-numbered years, which are election years.

Biennial budgeting also would lead to numerous *ad hoc* revisions in budget "off-years," since the President's budget would be prepared two years before the start of the second year of the budget cycle and three years before the end of that year.

The Review notes that 20 states use biennial budgeting. But the more telling point is that a larger number of states — including most of the big states — have abandoned biennial budgeting as their responsibilities have grown. Some 44 states used biennial budgeting in 1940; today, 20 do, and most of those are small or medium-sized states. Biennial budgeting is not likely to serve well a government that has the heavy responsibility for managing the U.S. economy and helping to keep peace and stability around the globe.

Also, the federal budget is now subject to annual caps on discretionary spending and annual entitlement targets, both of which are adjusted each January to reflect certain changes in the economy. Biennial budgeting is likely to result in budgets for the second year of a two-year cycle that sometimes turn out to be out of compliance with these caps, necessitating a new budget cycle anyway.

But the biennial budgeting recommendation is not the flagship recommendation in the report, and the major proposals to streamline how government is organized and how it functions deserve serious consideration. Overall, the Review represents a significant step forward in efforts to improve government performance, marred principally by savings estimates that may prove overly ambitious. If the savings estimates do turn out to be overblown, it would be unfortunate if that led to disparagement of what is a useful set of proposals in many areas.

### **Weaknesses in the Cost Estimates**

The National Performance Review says its reforms would save \$108 billion over five years and reduce the federal workforce by 252,000 jobs. These estimates seem more like ambitious goals than hard estimates.

The single largest component of the claimed savings comes from the elimination of 252,000 federal jobs, in part by sharply cutting back on agency personnel, procurement, and budget units. These reductions are to be the result of overhauling and simplifying hiring, purchasing, and budgeting procedures.

Until such reforms are tested and experience is gained with them, however, it will be difficult to know how much these reforms can save and the precise extent to which they can enable the federal workforce to be reduced. The extent to which agency staffs can be cut without jeopardizing basic functions and programs also will depend in part on the extent to which agencies are able to terminate less productive

employees on a rather significant scale, rather than simply shedding jobs through attrition. The Review proposes that the process for terminating non-productive employees be shortened, but it is unclear how much easier it would be than at present to let less productive employees go.

The National Performance Review assumes large savings in personnel costs but does not provide much detail on the basis for these assumptions. For example, it is not clear whether the savings assumptions reflect the fact that when a function is shifted from one part of government to another, there is a cost increase in the unit assigned the new function, alongside the cost savings in the unit shedding the function. The report assumes savings from breaking up the government printing and procurement monopolies exercised by the Government Printing Office and the General Services Administration. This is probably a wise idea. But procurement for printing, office space, and other items would now be shifted to agency procurement staffs, which the report targets for substantial staffing cuts. Just how much can agency procurement staffs be cut while being assigned these new functions? How did the Review estimate both the savings and the added costs here? Did it factor in the added costs? Is there a strong basis for these estimates, given that the new procurement procedures it recommends are, as of yet, necessarily vague and untested, if admirable in concept? The savings estimates in areas such as this may ultimately prove too high.

Moreover, while the Review's proposals to overhaul and simplify procurement specifications should reduce the work of procurement staffs over the long run, these proposals could mean that procurement specifications for numerous items have to be rewritten in the short run as simpler specifications are developed. For a period, the workload of agency procurement staffs could increase rather than decrease.

A parallel problem relates to the impact of workforce reductions on personnel staffs. The report calls for buy-outs and other arrangements to help reduce the federal workforce. Arranging these buy-outs will probably increase workloads in agency personnel shops during the period the downsizing occurs. It is not clear whether the assumptions of large reductions in personnel staffs over the next few years take this into account.

On a related front, the Review recommends dispensing with federal personnel ceilings and letting agencies determine how many staff to hire. This recommendation is wise and long overdue. But without such ceilings, how will 252,000 federal positions be eliminated? The apparent answer is that agency budgets would be cut to such an extent that substantial staffing reductions would have to be made. But what would prevent managers who are uneasy about laying off their employees from reducing services instead?

(A similar concern relates to the proposal to save \$3.3 billion by allowing state and local governments to consolidate various federal grant programs in return for a reduction in the federal funds provided to administer the programs. If state and local administrative savings proved smaller than the amount of federal funds that were foregone, the result could be reductions in benefits and services, including benefits and services provided to needy families with children and elderly and disabled people. Other issues related to this proposal are discussed in the box on page 9.)

National Performance Review staff note that their savings estimates are supported by the Office of Management and Budget. In the critical area of the number of federal jobs that can be shed, however, OMB budget examiners were apparently asked to determine the savings that would be achieved if a given number of positions were eliminated, not how many positions could realistically be saved through the specific reforms being recommended.

One example of a problematic savings estimate is the estimate for changes recommended in a federally funded nutrition program for low-income women, infants, and children, the WIC program. The report indicates that changing states' methods for purchasing WIC foods would save \$500 million over five years. While the changes the Review recommends represent sound policy and should be implemented, the actual savings would be quite small, probably about \$25 million to \$50 million over five years rather than \$500 million. In developing this recommendation, the Office of Management and Budget, the Agriculture Department, and outside reviewers counseled that the high savings estimates were not sound, and National Performance Review staff initially agreed, attaching no dollar savings figure to these proposals. In the final stages of the Review's preparation, the \$500 million savings figures was reinserted, apparently without concurrence from OMB budget examiners or the agency responsible for administering the program. (It should be noted that this \$500 million in savings is not counted as part of the \$108 billion in total savings. It is mentioned here to illustrate the point that some of the savings estimates may rest on weak ground. This particular savings estimate is discussed in more detail in an attachment to this analysis that is available upon request.)

Another example involves \$4 billion in assumed savings from speeding up reviews of Social Security disability beneficiaries so that those found no longer to be disabled are terminated from the program. (These savings are part of the \$108 billion in total savings claimed.) This, too, is a sound proposal, and the \$4 billion in estimated savings is reasonable. But it would entail added costs of at least \$2 billion to clear out the backlog of disability cases awaiting these reviews and achieve the \$4 billion in savings. (It costs about \$1,000 to conduct each review.) The \$2 billion in cost is not reflected in the savings estimate.

Apparently, the Social Security Administration would be expected to "eat" these costs — that is, to transfer at least \$2 billion in funding from other administrative and operational tasks to undertake these reviews. This \$2 billion withdrawal of funds from SSA functions would apparently be on top of whatever savings would be achieved through the portion of the federal workforce reductions that would apply to SSA. At the same time, the Review elsewhere calls for improving SSA's services so that waiting times in Social Security offices are shortened and phone calls are more promptly handled. It cannot be determined from the NPR overview report how realistic it is to expect the Social Security Administration to find the \$2 billion to conduct the disability reviews without any additional funds.

The potential for the savings estimates to prove too high is a reason for these estimates to be treated with caution. These estimates should not be locked in as some sort of savings requirement before it is clear how much savings the reforms will produce. Suppose, for example, the reforms allow 152,000 federal positions to be shed instead of 252,000. If 252,000 jobs are eliminated anyway, the result could be uneven and, in some places, chaotic performance. The improvement of government services to the customer — a key Review goal — could be compromised. In some areas, the quality of service might decline.

For this reason, the reforms should be implemented in a fashion that enables policymakers to monitor them closely, make sure they stay on track, and learn from them the full extent to which the federal workforce can be cut and savings achieved. As noted above, if the savings turn out to be smaller than predicted but government performance significantly improves, the National Performance Review should be judged successful.

### What Happened in Texas?

A *Washington Post* article on September 5 notes that the National Performance Review is partly based on a similar review in Texas. "The Texas Performance Review saved the state more than \$4 billion," the *Post* said, "by eliminating or consolidating services and programs and by what critics have called the juggling of funds or delaying of payments."

While the Texas review did state upon its release that its proposals would save \$4 billion, the amount of savings ultimately approved by the legislature was \$2 billion. Some observers in Texas now report that significant portions of the \$2 billion in savings are turning out to have been based on unrealistic savings estimates. As a result, some agencies will be forced to cut services to remain within scaled-back budgets that were based on assumed economies now not likely to materialize fully. This underscores the importance of Congress having realistic savings estimates as it

Because of the importance of a number of recommendations in the National Performance Review and the need for a better understanding of the strengths and weaknesses of the Review's savings estimates, Congress should ask the Congressional Budget Office and the General Accounting Office to analyze the savings estimates and assumptions, assess their soundness, and develop alternative estimates and assumptions where warranted. (While CBO is the appropriate body to examine the cost estimates, the GAO could perform useful work in assessing the soundness of the savings assumptions regarding agency personnel and operating costs.) An independent assessment of what is known about the fiscal aspects of the Review's recommendations — and what will remain uncertain until tested — would be of use to Congress as it deliberates on these important recommendations.

### Biennial Budgeting

The National Performance Review recommends switching from annual budgeting to biennial budgeting. At first blush, biennial budgeting may sound like a good idea. Upon closer examination, however, the advantages fade and disadvantages emerge.

Biennial budgeting is touted as improving the link between funding levels and performance, allowing more time for Executive branch officials and Congress to monitor and evaluate programs. Yet in practice, biennial budgeting may weaken rather than strengthen this link. When new evidence emerges from research studies, GAO reports, audits from Inspector Generals' offices and the like, a year may be lost under biennial budgeting before these findings can be reflected in budget decisions.

Also, the contention that Congress will have more time to conduct oversight is weak, since oversight is primarily done by authorizing committees that do not operate on an annual budget cycle. Switching from annual to biennial budgeting would not have a major effect on the authorizing committees or provide them a large increase in time to monitor and evaluate.

If the advantages of biennial budgeting are overstated by its advocates and in the National Performance Review, the drawbacks often are understated. They include the following.

- Biennial budgeting is likely to hinder efforts to reorder funding priorities. The federal government needs both to reduce the deficit, remaining within tight spending caps, and to invest more in certain high priority areas. Achieving both of these goals entails shifting budget priorities, keeping defense spending on the downward path proposed by the Clinton administration, and reducing funding for numerous low-priority domestic programs, while increasing the resources allocated to high priority investments.

To secure such shifts in priorities often involves challenging the *status quo* and taking on strong constituencies that protect many low-priority programs. Because of resistance to such shifts in priorities, these funding shifts tend to occur incrementally; each year, appropriation levels for defense and lower-priority domestic programs can be nudged down somewhat, while key investments can be ratcheted up somewhat. In recent years, for example, funding for the Pentagon and lower-priority programs such as Amtrak have frequently been reduced, while programs such as Head Start and WIC have received increases each year. If appropriations decisions are made only once every two years, however, the process of reordering budget priorities is likely to proceed more slowly. Defense and lower-priority domestic programs are likely to be reduced at slower rates, because appropriators and Congress at large tend not to take big bites out of existing programs at one time. As a result, institution of biennial budgeting would probably mean that even less of the Clinton investment program is adopted than would otherwise be the case. These difficulties are exacerbated by the fact that under the NPR proposal, budgets would be considered only in even-numbered years — that is, in election years.

While biennial budgeting represents change in the budgeting process, it thus can serve to *reduce* the degree of change in budget decisions.

- Biennial budgeting involves working on budgets so far in advance that less intelligent decisions are likely to be made. Agencies would begin putting together their budgets for the second year of a two-year budget cycle at least 28 months before that year starts and 40 months before that year ends. The President's budget would be submitted 21 months before the second year of the cycle starts and 33 months before it ends. During the intervening period, there may be substantial changes in economic conditions, important new findings concerning the success or failure of various programs, and changes in international developments that bear on the nation's defense and foreign aid posture. Yet such developments often would occur too late to be reflected in decisions made for the second year of a biennial cycle.
- The federal government's role in responding to changes in economic conditions and stabilizing the U.S. economy could be harder to fulfill effectively under a two-year budget cycle unless changes were made in the second year of the budget in circumstances when the economy performed differently than had been forecast.
- Still another problem stems from the fact that the government now operates under annual discretionary spending caps and annual

entitlement spending targets which are adjusted each January to reflect certain changes in economic conditions. Under a two-year budget cycle, Congress often could make budget decisions thinking it had complied with the caps, only to find the following January that it was out of compliance with the caps for the second year of the cycle.

- For these reasons, large numbers of budget adjustments are likely to be needed in the second year of the cycle. The Administration and Congress may have to spend nearly as much time on budgets in the "off-year" as under the current annual cycle, and the process would be messier. The result could be less thoughtful budgeting decisions. Budget adjustments tend to be made in an *ad hoc* fashion, rather than as part of the more comprehensive examination of budget priorities that the regular budget cycle provides.
- It would also be more difficult to address unanticipated needs under biennial budgeting. If a need for resources in a particular area unexpectedly emerged, finding the funds for it under a biennial budgeting regimen could entail cutting funding already appropriated for other programs for the second year of a two-year cycle. That can be hard to do politically. By contrast, under annual budgeting, no appropriations decisions will yet have been made for the second year. It is always easier to shift funds before appropriations bills are enacted rather than afterward.

One of the curious aspects of the National Performance Review's advocacy of biennial budgeting is its contention that biennial budgeting has been proven to work at the state level — 20 states use it — and should be replicated at the federal level. Yet a majority of all states — and an overwhelming majority of the large states — have jettisoned biennial budgeting. In 1940, some 44 states had it. Twenty now do. Most states that still employ it are small or medium-size states that have much smaller budgets and far fewer responsibilities than the U.S. Government.

In short, the negatives associated with biennial budgeting are likely to outweigh the positives, especially at a time when the federal budget and budget priorities are in a period of change rather than equilibrium. Just because biennial budgeting represents a change in the budget process does not mean it represents desirable reform. Nor should criticism of biennial budgeting automatically be assumed to signify an attempt to preserve the *status quo* or protect special interests. As noted, annual budgeting is likely to facilitate changes in budget priorities more readily than biennial budgeting would.

Despite these criticisms, it may make sense to experiment with biennial budgeting for a limited number of accounts. We might learn useful lessons from

that. On the other hand, a wholesale switch of the federal budget to a biennial cycle at this juncture would be unwise. These comments on biennial budgeting are discussed in more detail in the attached analysis.

### Questions About Consolidation Proposals

The National Performance Review recommends consolidating 55 programs with funding of \$12.9 billion into six block grants and also allowing localities to consolidate federal grants they receive of less than \$10 million, with simple notification to the federal government. While there are some issues concerning the specific programs appropriate to include in the block grants, these proposals have attractive features.

The Review also includes a third proposal, however, that raises troubling questions. That proposal would authorize states to consolidate larger programs of their choosing into block grants, subject to federal approval. In return, the federal government would reduce funding for state administrative costs in operating these programs.

The Review says the details of this proposal would be developed in the future, so it is difficult to know how it would work and which programs it would encompass. If the proposal turned out to encompass basic safety net programs for poor children and their families and poor elderly and disabled people, it could cause serious problems. If some states were to consolidate one or more of these programs with other programs and to shift funds from the safety net programs to middle-class constituencies — or from programs providing basic benefits to the poor to programs that had more clout because they were run by providers that had a powerful state-level lobby — the result could be a substantial weakening of the safety net and potentially an increase in poverty. The Clinton administration might contend it would not approve consolidation requests of that nature, but such pledges would not bind subsequent administrations.

Serious questions would also arise concerning the possible consolidation of means-tested entitlements programs into block grants with fixed funding levels. The costs of such entitlements in any state automatically rise and fall as the state's economy declines or grows. (When unemployment increases in a state, so does the cost for free school lunches, food stamps, Medicaid, and AFDC in the state.) Merging such programs with non-entitlement programs into block grants whose funding levels are fixed — and do not fluctuate with the economy — would risk causing too little assistance to be made available in states whose economies weakened, while channeling excessive funding to states whose economies improved.

Since the specific proposal recommended in the National Performance Review has not yet been developed, it cannot be determined at this time whether the proposal will have these problematic features.

September 9, 1993



# CENTER ON BUDGET AND POLICY PRIORITIES

## QUESTIONS ABOUT THE WISDOM OF BIENNIAL BUDGETING

### **Impact on Needed Investments**

President Clinton faces a difficult task. He seeks to implement an ambitious investment agenda but must remain within tight discretionary spending caps. This means that he must make substantial cuts both in defense spending and in a wide array of lower priority domestic programs to free up funds for his investment priorities.

Persuading the Appropriations Committees and Congress in general to cut programs that they have long supported in order to free up funds for new investment priorities is no easy task. The only way to accomplish such a shift in priorities usually is to do it incrementally. Each year, the Appropriations Committees can further reduce lower-priority domestic programs and various defense accounts somewhat, while increasing funding for investment priorities. But the Appropriations Committees and Congress will generally resist cutting existing programs too much at once.

Biennial appropriations limit to once every two years the opportunity to shift funding from lower-priority programs to investment priorities. This is likely to result in smaller reductions in lower-priority programs than if the programs could be nicked each year. Similarly, defense spending will probably come down less if it can be addressed only once every two years. Defense spending proponents in Congress will argue that the future is uncertain, and the nation cannot risk being caught unprepared by reducing defense funding for the second year of the budget cycle, a year that will seem a long way off. Appropriating for defense one year at a time rather than two years at a time reduces this uncertainty and is likely to allow defense reductions to adhere more closely to the Clinton path.

As a result, with biennial appropriations, there is a strong likelihood that less funds will become available for the investments the Clinton administration has proposed. The President is likely to get even less of his investment agenda than he is now obtaining.

There also is serious question about the wisdom of making budget decisions only in election years, as the National Performance Review report appears to recommend. That is not the best way to secure tough decisions that reorder priorities.

Moreover, biennial budgeting can disempower a President. If in one year he is only partly successful in cutting, say, Forest Service roadbuilding and increasing Head Start, why should he have to wait two years before trying again? Under biennial budgeting, he would be stuck with the decision for two years.

### Decreasing the Government's Ability to Respond to Emerging Problems

Federal agencies typically begin working no later than June on the budget to be submitted the following January. Under biennial budgeting, that budget would cover a two-year period starting the October after the budget was submitted. This means that in preparing two-year budgets, agencies would be working on a budget for a fiscal year — the second year of the two-year cycle — that would not start until 28 months later and would not end until 40 months later.

The key decisions on the President's budget are usually made at OMB and the White House in November and December. These decisions would come 22 to 23 months before the beginning — and 34 to 35 months before the end — of the second year of the biennial cycle.

Such long lead-times would result in a number of decisions that became outdated. Some decisions would be made to fund programs that are subsequently found to be less effective than thought (or more so). As a consequence, the contention in the National Performance Review that biennial budgeting would help address the problem of agency officials basing their budgets on what they received before — and not on the results the programs produced — is off-base. Biennial budgeting would be likely to exacerbate this problem rather than ease it.

Moreover, once the President's budget is public, it is much more difficult for the President to alter his position. And once funds have been appropriated for a program, it becomes more difficult to revisit that decision and shift funds elsewhere. This makes it more difficult to make the best decisions for the second year of the cycle.

In addition, biennial budgeting would make it more difficult for the President and Congress to respond expeditiously to new issues as they arise. Problems such as an increase in AIDS cases or a rise in drug trafficking might arise and necessitate a response. Similarly, changes in the economy, such as an increased level of unemployment, also might require a timely response. Two-year budgeting compels the President and Congress either to delay addressing such problems for an additional year or to seek to address them through *ad hoc* procedures outside the budget, which can be messy.

## **Biennial Budgeting Doesn't Fit Well With the Discretionary Caps and Entitlement Targets**

Under the Budget Enforcement Act of 1990 and the new reconciliation law enacted this summer, binding annual caps are set on discretionary appropriations and outlays. In addition, an Executive Order issued by President Clinton in early August established annual entitlement targets. The Administration also is reported to be considering annual caps on Medicare and Medicaid as part of its health care plan.

The exact levels of the entitlement targets and the discretionary caps are not known in advance. The entitlement targets and the discretionary caps for each fiscal year are adjusted each January. Thus, the caps and the entitlement target for fiscal year 1995 will be adjusted in January 1994. The entitlement targets are adjusted each year to reflect increases in the caseloads of entitlement programs from what had been predicted earlier. The discretionary caps are adjusted to reflect any change in the inflation rate from what was forecast when the caps were previously set.

In some years, biennial budgeting is likely to result in the budget for the second year of a two-year cycle breaching the entitlement target and/or the discretionary caps for that year. (On other occasions, the budget for the second year of the cycle will come in below the discretionary caps.) These discrepancies are likely to lead to a stream of budget adjustments in the second year of the biennial cycle, necessitating a Presidential proposal for budget revisions and Congressional action on them. Congress often will not have a "year off" from budgeting, anyway.

## **Biennial Budgets Will Have To Be Revised**

As these points about emerging needs, changes in the economy, and adjustments in the caps suggest, biennial budgeting is unlikely to work in the real world in the way it is pictured on paper. The pressures to revise the budget within the two-year period will often be strong, leading to budget revisions and supplemental bills.

Budget revisions and supplementals often involve less rigorous Congressional analysis of the larger budget picture than does the current annual budget process. The revisions that will occur under a biennial budgeting process may, in the end, result in nearly as much budgeting activity as under the current annual budget process, but with some of the budget revisions being conducted in a less coherent and organized manner. Moreover, because such budget revisions will inevitably occur, the reductions in agency staffing from moving to biennial budgeting will likely be modest.

### **Will Biennial Budgeting Improve Congressional Operations?**

One argument made on behalf of biennial budgeting is that it will improve Congressional operations, giving Congress more time for oversight. This argument is overstated. Congress contains separate authorizing and appropriating committees, and the budgeting work of the appropriations committees generally does not interfere with the oversight work of the authorizing committees. The notion that biennial budgeting will make significantly more time available for oversight and other authorizing functions is questionable.

The budget process consumes significant authorizing committee time only in years in which the reconciliation process is used. This does not occur every year. Moreover, the reconciliation process tends to be used when political forces enable a significant deficit reduction step to be taken. Using biennial budgeting may mean that some opportunities for a reconciliation bill — and for deficit reduction — are foregone.

Some may argue that biennial budgeting will save time consumed by the appropriations process. The annual appropriations bills do not, however, consume much floor time in the House or Senate.

### **Will Biennial Budgeting Improve Program Planning?**

Another argument sometimes made for biennial budgeting is that it will provide greater certainty for — and thus better planning by — federal agencies and state and local governments. Many of the programs for which certainty and advance planning are most important, however — such as most education programs — already are "forward-funded" (that is, funded a year in advance). This provides for certainty and advance planning. If it is desirable to expand the list of forward-funded programs, the President can request this. But this does not require moving the entire federal budget to biennial budgeting.

### **Will Biennial Budgeting Reduce Year-End Gimmicks?**

In a recent *Washington Post* article, a National Performance Review official advanced still another argument — that biennial budgeting would discourage year-end budget gimmicks that cause unwise use of funds. The year-end gimmicks result not from annual budgeting, however, but from the "use it or lose it" rules that now prevail in many appropriations accounts. The National Performance Review recommends that agencies be allowed to retain and carry forward into the next fiscal year half of the funds they save. This recommendation should address the problem of year-end spending splurges. Biennial budgeting is not needed to tackle this matter.

### **State Actions to Drop Biennial Budgeting**

States are often referred to as "laboratories of democracy," and their lessons studied for clues to improving federal government performance. But while the National Performance Review cites state experience in using biennial budgeting, it does not fully describe state experience in this area. States have a clear pattern of abandoning biennial budgeting and moving to annual budgeting, rather than moving in the other direction.

As then-Senator Lawton Chiles noted in 1988, some 44 states used biennial budgeting in 1940, but today, fewer than half that number — 20 — do. Most of the states using biennial budgeting are small or medium-sized states. And in 11 of these states, either the state constitution or tradition provides for annual reviews of the budget so that the difference between a biennial and an annual procedure sometimes becomes less distinct.

The experience of the large states is essentially one of having tried biennial budgeting and dropped it in favor of annual budgeting. Shouldn't we learn something from this? Is biennial budgeting appropriate for an entity with the domestic and international responsibilities of the U.S. government?

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The disadvantages of biennial budgeting appear to outweigh the advantages. In addition, savings in agency staffing from biennial budgeting are likely to be modest. The important decision on whether to move to biennial budgeting should not turn on staffing economies that are not likely to be very noticeable in the context of overall federal staffing and operating costs. Larger issues are at stake.

The potential drawbacks of biennial budgeting are sufficiently serious that if there is a desire to pursue biennial budgeting, it should first be done on an experimental basis, involving a limited number of accounts. It may be useful to experiment with biennial budgeting. But a decision to switch the entire federal government to biennial budgeting would be unwise and premature unless a test of this approach demonstrates that the serious questions surrounding biennial budgeting can be satisfactorily addressed.

September 8, 1993



## CENTER ON BUDGET AND POLICY PRIORITIES

### WIC IMPROVEMENTS — WILL THEY SAVE \$500 MILLION?

A table on page 134 of the National Performance Review calls for the Agriculture Department to "encourage better food package management practices and facilitate multi-state contracts for infant food and formula cost containment in the Special Supplemental Food Program for Women, Infants, and Children" (the WIC program). This recommendation is sound. But no significant savings can be assumed from it. The figure shown in the table, which indicates that this proposal would save \$500 million, is not valid.

The \$500 million is not counted toward the \$108 billion in total savings claimed. In addition, the forthcoming USDA chapter of the National Performance Review reportedly does not include the \$500 million figure, indicating no specific savings figure can be developed. Why the \$500 million figure appears in the main report is puzzling. But its use shows that the savings estimates in the report should be treated with some caution and given careful scrutiny.

The draft USDA chapter of the National Performance Review, which includes this proposal, contains three specific recommendations. Two of the three recommendations relate to cost containment efforts in the WIC program. These recommendations were based partly on suggestions made to NPR officials several months ago by the Center on Budget and Policy Priorities.<sup>1</sup> The third recommendation concerns efforts to encourage more WIC mothers to breastfeed. The three recommendations — and their savings implications — are discussed below.

1. *Recommendation #1:* USDA should continue and expand educational efforts to promote breastfeeding. The Department should consider entering into agreements with breastfeeding promotion advocacy groups or the Ad Council to expand promotion of breastfeeding to low-income mothers.

This is a fine recommendation. But it cannot be assumed to produce sizeable WIC savings. There is no evidence from studies or evaluations indicating the effect that such efforts by USDA could be expected to have on breastfeeding rates among WIC mothers. Moreover, the decision on whether to breastfeed is a highly personal one, and behaviors of this sort are notoriously difficult to affect on a substantial basis through government intervention. Analysts generally believe that no savings estimates should be attached to a recommendation such as this.

<sup>1</sup> The Center has been the principal organization analyzing and promoting WIC cost containment initiatives since 1987 and assisting states in achieving savings in this area.

2. *Recommendation #2:* The federal government should disseminate information to states about initiating cost containment contracts for WIC foods other than infant formula and should facilitate multi-state efforts to secure WIC cost containment contracts for infant cereal and infant juice, offering states the option of participating in a multi-state bid administered by USDA.

This is another sound recommendation, but it, too, is unlikely to yield large savings. As the draft USDA chapter of the National Performance Review notes, seven states currently have cost containment contracts to purchase infant cereal at reduced prices. The savings these states have achieved are very small — the median savings among these states appear to be no more than \$200,000 per year. In the five states for which we have been able to secure data, the savings from infant cereal cost containment average two percent of the savings from infant formula cost containment.

The savings achieved in these states can be used to develop an estimate of the maximum savings likely from spreading infant cereal cost containment to *all* states. If two percent of infant formula savings nationally were achieved by spreading infant cereal cost containment to all states, the savings would be about \$16 million. Since the seven states already involved in infant cereal cost containment are saving about \$3 million, the net additional savings would be about \$13 million.

But the \$13 million is more than could realistically be secured. For it to be achieved, every state nationally would have to undertake infant cereal cost containment. Many small states would likely resist; some of these states regard the savings as too small to justify the additional administrative costs involved. Spreading infant cereal cost containment to all states thus would be impossible *without a federal mandate requiring all states to implement it*. The National Performance Review does not recommend such a mandate, indicating that implementing this procedure should remain a state option.

Moreover, securing savings through infant cereal cost containment is possible only if the cereal companies bid for cost containment contracts. Some states that have sought to implement infant cereal cost containment have experienced considerable difficulty in securing such contracts. When North Carolina sought bids on a contract, only one infant cereal company responded. When a multi-state grouping of Mid-Atlantic states sought bids, no company responded. The multi-state group sought bids a second time, and again no company responded. At that time all but three Mid-Atlantic states dropped out. The three remaining states tried a third time and received bids offering small savings.

It is not clear how efforts by USDA to disseminate information about initiating such contracts would achieve a significant increase in savings. The Center on Budget

and Policy Priorities already disseminates information on these contracts to all states, and states routinely exchange this information with each other.

If USDA administered a multi-state bid for infant cereal and offered states the option to participate — as the USDA chapter of the National Performance Review may recommend — some savings probably would be achieved. But the savings would be modest. Given the fact that a number of states likely would not participate, the savings would be likely to be no more than \$10 million (recall that the anticipated savings would be about \$13 million if *all* states participated) and probably closer to \$5 million.<sup>2</sup>

Furthermore, even this modest level of savings would take some time to secure. Legislation enacted in October 1992 requires USDA to administer a multi-state cost containment bid for *infant formula* once a year for all states electing to participate. This legislation seems to be the model that the National Performance Review is suggesting be applied to purchases of infant cereal and juice. But 11 months after enactment of the legislation, USDA has not yet issued regulations or procedures concerning the new process; the first multi-state bid for infant formula is still months off.

There is even less experience with infant juice cost containment than with cost containment for infant cereal. Three states have a multi-state cost containment contract for infant juice. Their savings are about the same as the savings these states receive through their infant cereal contracts. This suggests that if USDA administered a multi-state contract for infant juice, it might be able to achieve about the same level of savings as from an infant cereal contract — perhaps as much as \$10 million a year but probably closer to \$5 million.<sup>3</sup>

One other point should be noted here. If the USDA's Food and Nutrition Service is to administer multi-state bids for infant formula, infant cereal and infant juice, this will entail a substantial amount of work on the part of procurement specialists at FNS. They will have to deal individually with each state partner to

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<sup>2</sup> It might be argued that a multi-state bid holds promise of generating larger savings than individual state bids. However, the savings in the states that currently have infant cereal cost containment contracts already reflect, to a large extent, the market power of volume buying. One of these states is New York; the New York WIC program is the nation's third largest and purchases large amounts of infant cereal. In addition, three of the other states with an infant cereal contract have a multi-state contract.

<sup>3</sup> It should be noted that no savings can be assumed from efforts to extend WIC cost containment to food items other than infant formula, infant cereal, and infant juice. Some state have attempted to extend cost containment to other WIC food items but have failed. For example, both Maryland and West Virginia attempted to secure cost containment contracts for peanut butter. The effort failed because not a single company bid on the contracts.

each bid, something not done in most federal procurement. This will be difficult for FNS to do effectively if the number of staff in its procurement unit is cut too deeply at the same time the unit is being assigned these new procurement responsibilities. This relates to the larger point made in a related Center analysis of the National Performance Review — it is not clear whether the interactive efforts of the Report's various recommendations have been taken into account fully in developing its estimates of the savings that can be achieved from shrinking the federal workforce.

3. *USDA should do more to disseminate "best practices" information to states interested in pursuing multi-state cost containment efforts.*

This recommendation stems from a suggestion made by the Center on Budget and Policy Priorities to the National Performance Review. It cannot, however, be assumed to yield savings. The Center now largely performs this function. We have published a manual for states on multi-state cost containment, issue a WIC newsletter nine times a year that contains information on new cost containment developments, and publish an annual analysis on those WIC cost containment techniques that appear to be producing the largest savings. These materials are disseminated to all states.

We have long thought that this task should be institutionalized to a greater degree in the Food and Nutrition Service. Moreover, there may be some states that would respond to USDA materials to a greater extent than to Center materials (although the Center's cost containment materials have been used extensively by states). But the bottom line is that no additional savings can be assumed here.

### Conclusion

No savings can be assumed from the first or third recommendations. The recommendations for USDA to administer multi-state bids for infant cereal and infant juice would yield small savings if states participated. Our best estimate is that these measures would achieve no more than \$10 million to \$20 million a year when fully in effect, with the savings figure likely being closer to \$10 million than to \$20 million.

Given the lead-time needed for the federal government and states to institute these systems and the likelihood that a number of states would want to see how the multi-state bids worked before deciding whether to join such bids, the savings over a five-year period would probably be something in the vicinity of \$25 million to \$50 million. This is far below the \$500 million assumed in the National Performance Review.

In short, there is not a valid basis for the \$500 million figure. The draft USDA chapter of the National Performance Review contained a \$390 million figure that was criticized by both OMB and the Center. Both recommended that no savings estimate

be assigned to these WIC proposals, a recommendation that was initially agreed to and is reportedly reflected in the forthcoming USDA chapter of the National Performance Review of the report. But for some reason, the \$500 million figure appears in the main report.



OFFICE OF THE VICE PRESIDENT  
WASHINGTON

September 20, 1993

MEMORANDUM FOR NPR IMPLEMENTATION WORKING GROUP

FROM: GREG SIMON

SUBJECT: AGENDA FOR SEPTEMBER 20th MEETING

- Scheduling *Sept. 29 - Reg. Review*
- October spending cuts package *30 - Cab. meeting (Sec. Perf. Agreements)*
- NPR savings *→ Outside reg. Cabinet meeting in diff. site*
- Procurement reform

*Oct. 1 EO on Nat. Partnerships  
Intro Support Leg. w/  
retraining*

*Oct. 4 Procurement Reform event*

*Oct. 18 Oct. spending cuts pkg?*

## NATIONAL PERFORMANCE REVIEW AGENCY REINVENTION TEAMS

RECOMMENDATIONS WITH FISCAL IMPLICATIONS FOR FY 1994 THAT ARE NOT IN THE OMB PROPOSAL FOR THE OCTOBER RECISSION:

		Budget Authority	Outlays	Revenues	Change in FTEs
DOD12	Streamline and Reorganize the US Army Corps of Engineers	\$26.0	\$33.0	\$0.0	-250.0
ED08	Create a Single Point of Contact for Program and Grant Information	0.3	0.3	0.0	6.0
DOI04	Entrepreneurial Management of the National Park Service	0.0	0.0	70.0	0.0
DOI05	Obtain a Fair Return for Federal Resources	0.0	0.0	50.2	0.0
DOJ05	Improve the Bureau of Prisons Education, Job Training, & Financial Responsibilities Programs	0.0	0.0	2.3	0.0
DOJ10	Improve White Collar Fraud Civil Enforcement	2.0	2.0	8.0	14.0
DOL05	Automate the Processing of ERISA Financial Reports to Cut Costs and Delays	5.0	1.7	0.0	0.0
DOL06	Amend the ERISA Requirement for Summary Plan Descriptions	(0.1)	(0.1)	0.0	0.0
DOL14	Apply Information Technology to Expedite Wage Determinations for Federal Contracts	0.3	0.3	0.0	0.0
SBA06	Establish User Fees for SBDC Services	0.0	0.0	17.0	0.0
DOS09	Change UN Administration and Assessment Procedures	(32.2)	(32.2)	0.0	0.0
DVA04	Streamline Benefits Claims Processing	0.3	0.3	0.0	0.0

**NPR Recommendations for Potential Inclusion in the October Package**  
(estimates in millions of dollars)

Recommendation	FY 1994		FY 1994-99		FY 1994	FY 1994-99
	Change in Budget Authority	Change in Outlays	Change in Budget Authority	Change in Outlays	Change in Revenues	Change in Revenues
<b>DEPARTMENT OF AGRICULTURE</b>						
<b>USDA01</b> End the Wool and Mohair Subsidy (Mandatory) The subsidy is no longer needed since wool is no longer a strategic commodity. (Authorization)	0.0	0.0	0.0	-923.0	0.0	0.0
<b>USDA02</b> Eliminate Federal Support for Honey (Mandatory) Eliminate the honey subsidy because the program does not serve the intended purpose of ensuring the availability of honeybees for crop pollination. (Authorization)	0.0	-7.0	0.0	-15.0	0.0	0.0
<b>USDA03</b> Reorganize the Department of Agriculture to Better Accomplish its Mission, Streamline its Field Structure and Improve Service to its Customers USDA should streamline its field operations to eliminate unnecessary offices, reduce costs and better serve farmers. (Authorization and Appropriation)	-38.5	-38.5	-1673.8	-1645.5	0.0	0.0
<b>DEPARTMENT OF COMMERCE</b>						
<b>DOC03</b> Reform the Federal Export Control System for Commercial Goods To help ensure leading U.S. industries are competitive in the global marketplace, changes should be made in the export control system. (FTE Savings)	0.0	0.0	0.0	0.0	0.0	0.0
<b>DOC06</b> Improve Marine Fisheries Management To help protect fishing resources and provide new income to the government, NOAA should collaborate with Congress and fishing industry representatives to establish appropriate user fees to help offset management costs for national fishery zones. (Authorization)	0.0	0.0	0.0	0.0	0.0	375.0
<b>DOC12</b> Establish a Single Civilian Operational Environment Polar Satellite Program (original estimate) To reduce duplication and save taxpayers a billion dollars over the next decade, various current and proposed polar satellite programs should be consolidated under NOAA. Not primarily DOC savings. Most savings are for NASA and DOD. (Authorization)	0.0	0.0	-300.0	-270.0	0.0	0.0
	0.0	0.0	-300.0	-254.0	0.0	0.0
<b>DEPARTMENT OF DEFENSE</b>						
<b>DOD05</b> Create Incentives for the Department of Defense to Generate Revenues This recommendation proposes giving managers and commanders the ability to generate income at the installation level by allowing the Corps of Engineers to recover its costs for processing certain commercial applications and by establishing goals for solid waste reduction and recycling.	-25.0	-19.0	-500.0	-459.0	0.0	60.0
<b>DOD08</b> Maximize the Efficiency of DOD Health Care Operations Use emerging technology to upgrade care at DOD health care facilities.	0.0	0.0	-350.0	-330.0	0.0	0.0
<b>DEPARTMENT OF EDUCATION</b>						
<b>ED02</b> Reduce the Number of Programs the Department of Education Administers Eliminate or consolidate more than 40 existing education grant programs and free up funds for use in other educational programs. (Authorization)	0.0	0.0	0.0	0.0	0.0	0.0

NPR Recommendations for Potential Inclusion in the October Package  
(estimates in millions of dollars)

Recommendation	FY 1994		FY 1994-99		FY 1994	FY 1994-99
	Change in Budget Authority	Change in Outlays	Change in Budget Authority	Change in Outlays	Change in Revenues	Change in Revenues
<b>DEPARTMENT OF ENERGY</b>						
<b>DOE04</b> Increase Electrical Power Revenues and Study Rates (Mandatory) (original estimate)	0.0	0.0	0.0	0.0	90.0	2407.0
NPR proposes increasing federal income by allowing the Power Marketing Administrations to recover a larger portion of their operating costs through rate increases or by changing the financing of Bonneville Power Administration. (revised estimate)	0.0	0.0	0.0	0.0	60.0	3601.0
<b>DOE08</b> Support the Sale of the Alaska Power Administration (Mandatory)	0.0	0.0	0.0	-20.2	0.0	-52.8
The federal government should divest its interests in the Alaska Power Administration. This asset sale could not be scored for Pay-as-you-go purposes.						
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>						
<b>FEMA03</b> Create Results-Oriented Incentives to Reduce the Costs of a Disaster	0.0	0.0	0.0	0.0	0.0	0.0
Among other proposals, NPR recommends reducing disaster costs by developing more objective criteria for declaring emergencies and major disasters; enforcing existing requirements for mandatory flood insurance; and creating additional distinctions among levels of disasters for determining amounts of Federal aid.						
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<b>HHS06</b> * Improve Social Security Administration Disability Claims Processing to Better Serve People with Disabilities and Safeguard Trust Fund Assets (Mandatory)	0.0	0.0	0.0	-4010.0	0.0	0.0
SSA should apply resources and management tools needed to reduce backlogs and to avoid paying benefits to individuals who are no longer disabled. Savings could not be scored for Pay-as-you-go purposes. (Appropriations and Administrative)						
<b>HHS08</b> * Coordinate Collection and Dissemination of Social Security Administration Death Information to Protect Federal Program Assets	0.0	0.0	0.0	-156.0	0.0	0.0
SSA's clearinghouse for death information and "best practices" can be used by dozens of federal and state agencies to reduce federal program outlays. (Authorization and Administrative)						
<b>HHS09</b> Take More Aggressive Actions to Collect Outstanding Debts Owed to the Social Security Trust Fund (Mandatory)	0.0	0.0	0.0	-335.0	0.0	0.0
SSA should be given the authority to use a full range of debt collection tools available under the Debt Collection Act of 1982 to collect debts owed by individuals who are no longer on benefit rolls. Savings could not be scored for Pay-as-you-go purposes. (Administrative)						
<b>HHS10</b> Institute and Collect User Fees on FDA's Inspection and Approval Processes	0.0	0.0	-1439.6	-1301.7	0.0	0.0
Food, drug and medical device manufacturers, processors, and suppliers should be required to pay for FDA services. (Authorization)						

**NPR Recommendations for Potential Inclusion in the October Package**  
(estimates in millions of dollars)

Recommendation	FY 1994		FY 1994-99		FY 1994	FY 1994-99
	Change in Budget Authority	Change in Outlays	Change in Budget Authority	Change in Outlays	Change in Revenues	Change in Revenues
<b>HHS14 Amend the Health Care Financing Administration's Contracting Authority to Allow for Competitive Contracting</b> HCFA should be authorized to fully and openly compete Medicare claims processing contracts to reduce costs and eliminate the inefficiencies and conflicts of interest. (Authorization)	-5.0 0.0	-5.0 0.0	-730.0 0.0	-730.0 -255.0	0.0 0.0	0.0 0.0
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
<b>HUD02 Improve Multi-Family Asset Management and Disposition</b> HUD should use public-private partnerships to manage and sell HUD-held loans and real estate for non-subsidized housing projects. Congress should reduce restrictions on HUD sale of multi-family properties, including use of portable subsidies for tenants when the Secretary determines that to be best for tenant needs. (Authorization)	0.0	0.0	0.0	0.0	0.0	0.0
<b>HUD06 Streamline HUD Field Operations</b> HUD should streamline its Washington, regional and field office structure and consolidate and reduce its size over time. (Appropriation)	0.0	0.0	-167.0	-154.4	0.0	0.0
<b>HUD07 Refinance Section 235 Mortgages</b> HUD should use incentive contracts to speed savings from refinancing expensive old mortgages subsidized by HUD. (Authorization)	0.0	0.0	-210.0	-45.0	0.0	0.0
<b>HUD08 Reduce Section 8 Contract Rent Payments</b> HUD should modify its process to reduce unjustified increases in annual payments to Section 8 projects. (Authorization)	0.0	0.0	-225.0	-225.0	0.0	0.0
<b>HUD09 Consolidate Section 8 Certificates and Vouchers</b> This recommendation would consolidate two overlapping projects to eliminate duplication.	0.0	0.0	0.0	0.0	0.0	0.0
<b>HUD10 Reduce Operating Subsidies for Vacancies</b> This recommendation would encourage public housing agencies to make better use of their assets by reducing subsidies paid for unjustifiably vacant units. (Authorization)	0.0 0.0	0.0 0.0	0.0 -172.2	0.0 -147.0	0.0 0.0	0.0 0.0
<b>DEPARTMENT OF INTERIOR</b>						
<b>DOI02 Redefine Federal Oversight of Coal Mine Regulation</b> To overcome organizational problems that inhibit an effective state-federal relationship, federal oversight of coal mine regulations should be redefined. (Authorization and Administrative)	0.0	0.0	-28.0	-28.0	0.0	0.0
<b>DOI08 Improve Mineral Management Service Royalty Collections</b> Better management of DOI's royalty collection program would increase revenues and improve efficiency. (Authorization)	0.0	0.0	0.0	0.0	0.0	28.0
<b>DOI13 Improve the Federal Helium Program</b> The federal government needs to reexamine its role in the federal helium program. This program can be run more efficiently, reducing outlays by federal helium customers and increasing revenue. To obtain maximum benefit from helium operations, the government should cancel the helium debt, reduce costs, increase efficiencies in helium operations, and increase sales of crude helium as market conditions permit. (Authorization)	-2.0	-2.0	-12.0	-12.0	5.0	35.0

**NPR Recommendations for Potential Inclusion in the October Package**  
(estimates in millions of dollars)

Recommendation	FY 1994		FY 1994-99		FY 1994	FY 1994-99
	Change in Budget Authority	Change in Outlays	Change in Budget Authority	Change in Outlays	Change in Revenues	Change in Revenues
<b>DEPARTMENT OF JUSTICE</b>						
<b>DOJD4</b> Improve Department of Justice Debt Collection Efforts This recommendation would make improvements in the Justice debt collection effort, including giving the department the ability to retain a small percentage of debts collected and allowing Justice to credit its working capital fund with a percentage of debt collections to be used for the creation of a centralized debt tracking and information system. (Authorization)	(original estimate) 0.0	0.0	0.0	0.0	0.0	0.0
	(revised estimate) n/a	n/a	n/a	n/a	n/a	n/a
<b>DOJ12</b> Streamline Background Investigations Recommends several changes in how background investigations are conducted. Most significant change is that agencies be given authority to contract out their background investigations rather than go through OPM. Proposals affect all Federal agencies and savings are Government-wide. These savings are not primarily associated with DOJ bureaus. (Authorization and Administrative)	-10.0	-10.0	-60.0	-60.0	0.0	0.0
<b>DOJ13</b> Adjust Civil Monetary Penalties to the Inflation Index Civil monetary penalties have not been adjusted to keep up with inflation. Under this recommendation, a "catch-up" adjustment would be made and the need for additional inflation adjustments would be automatically reassessed every four years. (Authorization)	0.0	0.0	0.0	0.0	0.0	193.0
<b>DEPARTMENT OF LABOR</b>						
<b>DOL01</b> Enhance Reemployment Programs for Occupationally Disabled Federal Employees (Mandatory) These recommendations would help occupationally disabled federal employees return to productive careers by expanding DOL's return-to-work program. This saves money by reducing long-term benefit costs to the government.	0.0	0.3	0.0	-125.7	0.0	0.0
<b>DOL12</b> Partially Fund Mine Safety and Health Enforcement Through Service Fees Charge for services to put the mining industry on a comparable footing with other industries which bear the costs of their regulation. This proposes to partially fund enforcement of mine safety regulations through service fees. (Authorization)	-24.9	-24.9	-44.4	-44.4	0.0	0.0
<b>DOL20</b> Reduce Federal Employees' Compensation Act Fraud Congress needs to amend several sections of the United States Code to enable DOL to eliminate benefits to persons who have been convicted of defrauding the program. (Authorization)	-3.3	-3.3	-22.6	-22.6	0.0	0.0
<b>DEPARTMENT OF STATE/U.S. INFORMATION AGENCY</b>						
<b>DOS05</b> Reduce Mission Operating Costs (DOS) (USIA)	-0.6 -6.0	-0.6 -5.0	-6.3 -51.5	-6.3 -49.9	0.0 0.0	0.0 0.0
Several recommendations are made for reducing U.S. costs to operate missions overseas, including eliminating certain facilities, reducing security costs and considering altogether new forms of overseas representation.						

**NPR Recommendations for Potential Inclusion in the October Package**  
(estimates in millions of dollars)

Recommendation	FY 1994		FY 1994-99		FY 1994	FY 1994-99
	Change in Budget Authority	Change in Outlays	Change in Budget Authority	Change in Outlays	Change in Revenues	Change in Revenues
<b>DEPARTMENT OF TRANSPORTATION</b>						
<b>DOT17</b> Eliminate Funding for Highway Demonstration Projects (Contract Authority and BA) (original estimate)	0.0	0.0	0.0	-3432.0	0.0	0.0
Revised funding for existing highway demonstration projects. These demonstration projects should compete at the state level for the limited highway resources available and not be singled out for special treatment at the federal level. Sums include authorized and appropriated demonstration projects. Appropriated change more likely. (revised estimate)	-3237.0	-166.0	-8835.0	-4391.0	0.0	0.0
<b>DOT18</b> Reduce Spending for the U.S. Merchant Marine Academy As an economy measure, federal funding for the U.S. Merchant Marine Academy should be cut by half. The Academy should be given the ability to charge tuition to cover a portion of its operations. (Authorization)	0.0	0.0	-45.5	-45.5	0.0	0.0
<b>DOT19</b> Revised Unobligated Earmarks for the FTA New Starts and Bus Program (Obligation Limitations) (original estimate)	0.0	-1.1	0.0	-90.2	0.0	0.0
Revised unobligated balances for fiscal year 1982 and prior earmarked funding under this FTA program that remain unobligated after three years (Appropriations) (revised estimate)	-51.0	-1.1	-51.0	-47.0	0.0	0.0
<b>DOT20</b> Reduce the Annual Essential Air Service Subsidies (Obligation Limitations) (original estimate)	0.0	0.0	0.0	-59.8	0.0	0.0
This recommendation would set new, more restrictive criteria for small airports to qualify for essential air service subsidies. (Appropriations) (revised estimate)	-13.0	-8.0	-78.0	-73.0	0.0	0.0
<b>DOT21</b> Terminate Grant Funding for Federal Aviation Administration Higher Education Programs To reduce costs, eliminate federal grant funding of two FAA post-secondary education programs. (Appropriations)	-45.4	-8.1	-45.4	-42.1	0.0	0.0
<b>DEPARTMENT OF TREASURY</b>						
<b>TRE05</b> Simplify Employer Wage Reporting (original estimate)	0.0	0.0	0.0	0.0	0.0	0.0
The administrative burden caused by our current wage-reporting requirements could be reduced while maintaining or improving the effectiveness of government operations by developing and implementing a simplified wage reporting system. (revised estimate)	n/a	n/a	n/a	n/a	n/a	n/a
<b>TRE06</b> Establish Federal Firearms License User Fees to Cover Costs (original estimate)	0.0	0.0	0.0	0.0	0.0	132.5
The current fee for a retail dealer's firearms license (authorized 1968) does not cover the cost of license processing and is low enough to encourage applications from individuals wishing to occasionally purchase firearms at reduced cost. Increased fees would recover the cost of operating the firearms program. (Authorization) (revised estimate)	-13.0	-13.0	-146.0	-146.0	0.0	132.5
<b>TRE10</b> Modernize the U.S. Customs Service One proposal would remove exemptions from air and sea passenger user fees for those arriving from Canada, Mexico, and the Caribbean. NPR classified as increased receipts. Would require legislation to claim as discretionary savings. Assume half year savings in FY1994. (Non-published NPR idea.) (Authorization)	-45.0	-45.0	-495.0	-495.0	0.0	0.0

**NPR Recommendations for Potential Inclusion in the October Package**  
(estimates in millions of dollars)

Recommendation	FY 1994		FY 1994-99		FY 1994	FY 1994-99
	Change in Budget Authority	Change in Outlays	Change in Budget Authority	Change in Outlays	Change in Revenues	Change in Revenues
<b>DEPARTMENT OF VETERANS AFFAIRS</b>						
<b>DVA03 Eliminate Legislative Budget Constraints to Promote Management Effectiveness</b> VA is covered by a number of special legislative requirements, including employment "floors" for certain programs. Reducing or eliminating some of these controls can reduce costs and improve service without sacrificing accountability.	0.0	0.0	0.0	0.0	0.0	0.0
<b>DVA11 Phase-Out and Close Supply Depots (Mandatory)</b> VA should convert its existing centralized depot storage and distribution program to a commercial just-in-time delivery system and close unneeded supply depots.	0.0	-45.0	0.0	-168.0	0.0	0.0
<b>REINVENTING HUMAN RESOURCE MANAGEMENT</b>						
<b>HRM06 Clearly Define the Objective of Training as the Improvement of Individual and Organizational Performance: Make Training More Market Driven</b> Reduce restrictions on training to allow managers to focus on organizational mission and to take advantage of the available training marketplace. (Authorization)	0.0	0.0	0.0	0.0	0.0	0.0
<b>HRM14 Provide Incentives to Encourage Voluntary Separations</b> Provide departments and agencies with the authority to offer separation pay. Decentralize the authority to approve early retirement. Authorize departments and agencies to fund job search activities and retraining of employees scheduled to be displaced. Limit annual leave accumulation by senior executives to 240 hours. (Authorization)	0.0	0.0	0.0	0.0	0.0	0.0
<b>REINVENTING FEDERAL PROCUREMENT</b>						
<b>PROC04 Establish New Simplified Acquisition Threshold and Procedures</b> Enact legislation to simplify small purchases by raising the threshold for the use of simplified acquisition procedures from \$25,000 to \$100,000 and raise the various thresholds for the application of over a dozen other statutory requirements that similarly complicate the process. To ensure small business participation, establish a single electronic bulletin board capability to provide access to information on contracting opportunities.	0.0	0.0	0.0	0.0	0.0	0.0
<b>PROC14 Expand Electronic Commerce for Federal Acquisition</b> Establish a governmentwide program to use electronic commerce for federal procurements. (Administrative)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Discretionary Changes</b>	-203.7	-161.5	-6196.1	-8659.4	5.0	823.5
<b>Total Revised Discretionary Changes</b>	-216.7	-348.5	-6514.3	-10865.4	5.0	823.5
<b>Total Mandatory Changes</b>	0.0	-51.7	-210.0	-5896.9	90.0	2354.4
(Obligation Limitations/Contract Authority included in Total Mandatory BA Changes)	0.0		0.0			
<b>Total Revised Mandatory Changes</b>	-4113.0	-863.7	-6986.0	-6708.9	60.0	3548.4
(Obligation Limitations/ Contract Authority included in Total Revised Mandatory BA Changes)	-3301.0		-8964.0			
<b>Total Changes</b>	-203.7	-213.2	-6406.1	-15556.3	95.0	3177.9
<b>Total Revised Changes</b>	-4329.7	-1212.2	-16500.3	-17574.3	65.0	4371.9

Other Recommendations for Potential Inclusion in the October Package  
(preliminary estimates in millions of dollars)

Recommendation	FY 1994		FY 1994-89		FY 1994	FY 1994-89
	Change In Budget Authority	Change In Outlays	Change In Budget Authority	Change In Outlays	Change In Revenues	Change In Revenues
<b>DEPARTMENT OF INTERIOR</b>						
Eliminate the Bureau of Mines Mineral Institute Service-funding; eliminate mining subsidy. (CBO/OMB est)	-8.0	-8.0	-52.0	-52.0	0.0	0.0
<b>DEPARTMENT OF LABOR</b>						
Improve reporting of State Workers Compensation Payments Better ADP and less double-paying. (CBO? estimate)	-82.0	-82.0	-129.0	-129.0	0.0	0.0
<b>DEPARTMENT OF TRANSPORTATION</b>						
Eliminate Airport Grants-In-Aid (Obligation Limitations) (CBO? estimate)	-200.0	-200.0	-800.0	-800.0	0.0	0.0
Why should taxpayers pay? (Replace with 1/2 loans.) (OMB estimate)	-1879.0	-1790.0	-8956.0	-8553.0	0.0	0.0
<b>DEPARTMENT OF VETERANS AFFAIRS</b>						
Clearinghouse for Veterans Administration (CBO? estimate)	0.0	0.0	-300.0	-300.0	0.0	0.0
A proposal was adopted in the reconciliation conference requiring employers to include health insurance information to HHS. This information would be cross-checked against Medicare and Medicaid claims to avoid payment when a recipient has private health insurance. The VA Committee wanted to apply this to Veterans health programs but Ways and Means refused. There is no policy reason why this should not happen.						
<b>MULTI-AGENCY</b>						
Garnish Wages of Federal Employees Delinquent in Paying Federal Debts (CBO? estimate)	-300.0	-300.0	-1500.0	-1500.0	0.0	0.0
Examples are those who have defaulted on student loans. (Included in the Senate Hatch Act Bill?)						
Eliminate Subsidies for Lead, Mercury and Asbestos Production (CBO? estimate)	0.0	0.0	0.0	-62.0	0.0	0.0
Why subsidize poison production?						
<b>Total Other Discretionary Changes</b>	<b>-390.0</b>	<b>-590.0</b>	<b>-1981.0</b>	<b>-2843.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Other Revised Discretionary Changes</b>	<b>-390.0</b>	<b>-2180.0</b>	<b>-1961.0</b>	<b>-11596.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Other Mandatory Changes</b>	<b>-200.0</b>	<b>0.0</b>	<b>-800.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
(Obligation Limitations Included in Total Other Mandatory BA Changes)						
<b>Total Other Revised Mandatory Changes</b>	<b>-200.0</b>	<b>0.0</b>	<b>-800.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
(Obligation Limitations included in Total Other Revised Mandatory BA Changes)						
<b>Total Other Changes</b>	<b>-590.0</b>	<b>-590.0</b>	<b>-2781.0</b>	<b>-2843.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Other Revised Changes</b>	<b>-2269.0</b>	<b>-2180.0</b>	<b>-11937.0</b>	<b>-11596.0</b>	<b>0.0</b>	<b>0.0</b>

**NPR Recommendations for Potential Inclusion In a Package of Administrative Actions**  
(estimates in millions of dollars)

Recommendation	FY 1994		FY 1994-99		FY 1994	FY 1994-99
	Change in Budget Authority	Change in Outlays	Change in Budget Authority	Change in Outlays	Change in Revenues	Change in Revenues
<b>AGENCY FOR INTERNATIONAL DEVELOPMENT</b>						
<b>AID07</b> Consolidate or Close AID Overseas Missions AID should regionalize missions and staff services overseas and close nonessential missions. It should establish "graduation" criteria for countries receiving U.S. assistance.	0.0	0.0	0.0	0.0	0.0	0.0
<b>ENVIRONMENTAL PROTECTION AGENCY</b>						
<b>EPA02</b> Streamline EPA's Permit Program Streamlining efforts include establishing a permit clearinghouse to serve as a single point of contact and piloting a cross-program permit tracking system.	0.0	0.0	-22.5	-19.0	0.0	0.0
<b>EPA11</b> Reorganize EPA's Office of Enforcement EPA should initiate a reorganization of its headquarter's enforcement organization by October 1, 1993.	0.0	0.0	-10.5	-10.3	0.0	0.0
<b>DEPARTMENT OF INTERIOR</b>						
<b>DOI10</b> Consolidate Administrative and Programmatic Functions in DOI To manage its bureaus effectively, DOI needs to reduce duplicative services. By consolidating administrative and programmatic functions, DOI can improve customer service, promote efficiency, and reduce costs. (Administrative)	0.0	0.0	-17.5	-17.5	0.0	0.0
<b>DEPARTMENT OF JUSTICE</b>						
<b>DOJ08</b> Reinvent INS Organization and Management Processes This recommendation would improve INS management structure by developing a comprehensive 5-year vision statement and strategic plan and by reinstituting the regional administrative structure. Some headquarters' positions will be eliminated while others will be transferred to the regions. FY1994 savings of about \$8M will be used for other Presidential INS priorities such as Border Patrol. (Administrative)	0.0	0.0	-40.0	-38.0	0.0	0.0
<b>DEPARTMENT OF STATE/U.S. INFORMATION AGENCY</b>						
<b>DOS07</b> Relocate the Mexico City Regional Administrative Management Center NPR recommends moving this administrative support office to the U.S. to save money and recommends examining the need for similar offices now in Paris and Bangkok. (Administrative)	0.0	0.0	-0.1	-0.1	0.0	0.0
<b>DOS08</b> Improve the Collection of Receivables The State Department should do a better job collecting debts, such as medical expenses and others, owed to the department.	-1.3	-1.3	-9.8	-9.8	0.0	0.0
<b>DEPARTMENT OF TREASURY</b>						
<b>TRE18</b> Modernize Financial Management Systems One proposal would consolidate FMS regional centers from 7 to 4. Consolidate could not begin immediately. (Non-published NPR idea.) (Administrative)	0.0	0.0	-34.0	-32.0	0.0	0.0
<b>Total Administrative Actions</b>	<b>-1.3</b>	<b>-1.3</b>	<b>-134.4</b>	<b>-126.7</b>	<b>0.0</b>	<b>0.0</b>

**TIME SENSITIVE****NATIONAL PERFORMANCE REVIEW  
IMPLEMENTATION  
WORKING GROUP**

<u>Name</u>	<u>Office</u>	<u>Phone</u>	<u>Fax</u>	<u>Room</u>
MACK McLARTY	Chief-of-Staff	x6797	x2464	WW/1FL
DAVID GERGEN		x2195	x2215	WW/GFL
LEON PANETTA	OMB	x4840	x1005	252
ROGER ALTMAN	Treasury	622-1070	622-0404	
LAURA TYSON	CEA	x5042	x3012	315
CAROL RASCO	DPC	x2216	x2878	WW/2FL
HOWARD PASTER	Legislative Affairs	x2230	x6220	WW/2 FL
BOB RUBIN	NEC	x2174	x2878	WW/2FL
JOAN BAGGETT	Political Affairs	x6257	x7929	115
JOHN PODESTA	Staff Secretary	x2702	x2215	WW/GFL
JACK QUINN	OVP/Chief-of-Staff	x6606	x6212	276
GREG SIMON	OVP/Domestic Pol	x6222	x6231	288
TODD CAMPBELL	OVP/Legal Counsel	x7022	x6429	266
GOODY MARSHALL	OVP/Leg Affairs	224-8391	224-0291	Capitol
ELAINE KAMARCK	OVP/NPR	x2816	x6429	273

September 18, 1993

There will be a meeting of the NPR Implementation Working Group **WITH THE VICE PRESIDENT** on Monday, September 20th from 2:30 - 4:00 in the Ceremonial Office, OEOB Room 276. **THIS MEETING IS FOR PRINCIPALS ONLY.** Please confirm your attendance with Kristin at x6222.

Bruce says this meeting may not happen, but we'll advise as soon as he knows anything.

Log  
9/20/93 a.m.



OFFICE OF THE VICE PRESIDENT  
WASHINGTON

September 17, 1993

*file*  
MEMORANDUM FOR THE NPR IMPLEMENTATION WORKING GROUP

FROM: GREG SIMON

SUBJECT: MEETING AGENDA FOR SEPTEMBER 17th

SUMMARY

The meeting today will address the NPR team's proposed schedule for NPR actions, the October spending cut package, response to OMB's letter on removing personnel floors, Congressional hearing requests, schedule for sending up major legislative pieces, relations to the Joint Committee on Congress, and Republican proposals to support the NPR reforms

DISCUSSION

**Proposed Schedule for NPR Actions**

- Proposed schedule for Administrative and Agency actions
- Executive Orders
  - President's Management Council
  - National Partnership Council
- Major Legislative Pieces
  - Procurement (with October Package)
  - Buy out
  - Financial Management
  - Budget Reform

**October Package:**

- review spending cut items
- address question of user fees
- discuss consultation process

**Removing Personnel Floors**

- Status report from Panetta and Paster

**Congressional Hearing Requests**

- Decide and schedule VP appearance on Hill
- Prepare orientation meeting for testifying officials

- Respond to current Congressional responses: House Gov Ops, House Science Committee and House Interior.

**Joint Committee on Congress**

- Consultations
- Joint announcements

**Republican Proposals**

- House Republican Commission proposal
- Consultations schedule

**NATIONAL PERFORMANCE REVIEW  
IMPLEMENTATION  
WORKING GROUP**

<u>Name</u>	<u>Office</u>	<u>Phone</u>	<u>Fax</u>
MACK McLARTY	Chief-of-Staff	x6797	x2464
Andre Oliver	Chief-of-Staff	x6797	x2464
LEON PANETTA	OMB	x4840	x1005
Martha Foley	OMB	x4790	x3729
Bill Halter	OMB	x6190	x5730
Phil Lader	OMB	x6190	x5730
ROGER ALTMAN	Treasury	622-1070	622-0404
LAURA TYSON	CEA	x5042	x3012
Jonathan Baker	CEA	x5614	x6947
CAROL RASCO	DPC	x2216	x2878
Bruce Reed	DPC	x6515	x7028
HOWARD PASTER	Legislative Affairs	x2230	x6220
Tracey Thornton	Legislative Affairs	x6493	x2604
BOB RUBIN	NEC	x2174	x2878
Bo Cutter	NEC	x6630	x1605
Peter Yu	NEC	x2665	x2223
JOHN PODESTA	Staff Secretary	x2702	x2215
Todd Stern	Staff Secretary	x2702	x2215
GREG SIMON	OVP/Domestic Pol	x6222	x6231
Jim Kohlenberger	OVP/Domestic Pol	x6276	x6231
TODD CAMPBELL	OVP/Legal Counsel	x7022	x6429
ELAINE KAMARCK	OVP/NPR	x2816	x6429
John Kamensky			
John Kamensky	OVP/NPR	632-0150 x111	632-0390
Bob Knisely	OVP/NPR	632-0150 x114	632-0390

The next meeting of the NPR Implementation Working Group will be on **TUESDAY, SEPTEMBER 14th** at 4:30 p.m. in the Vice President's Ceremonial Office.

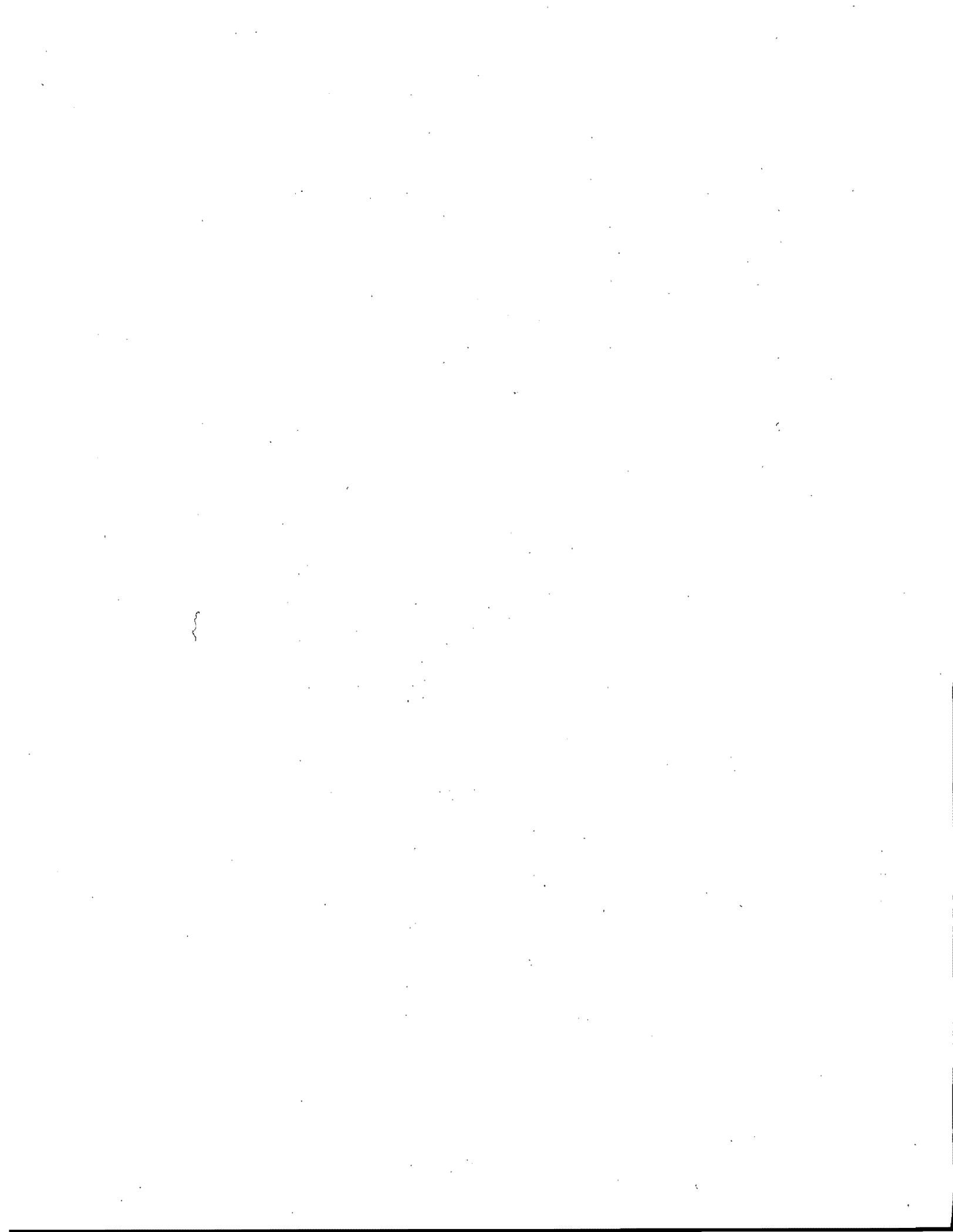
Roz -

9/13 (pk)

- I need cc of ~~all~~ this in NPR ~~file~~  
~~file~~ for Tues. noon staff  
meeting.

9/13 (pk)

- Call Kristin & tell her ~~that~~ Bruce Reed  
will be ~~my~~ designee on this group.



THE WHITE HOUSE  
WASHINGTON

Bruce Reed

The attached meeting notice came too late to find you to attend meeting so I went. I need for you to be the DPC rep. on this group, and I'll notify Greg Simon of your designation. They will probably meet again Tues. (9/14). Here are papers given out, I'll talk some more about this on Tues. at staff meeting.

Thanks!

CHR



OFFICE OF THE VICE PRESIDENT  
WASHINGTON

September 9, 1993

SEP - 9 1993

MEMORANDUM FOR MACK McLARTY  
LEON PANETTA  
PHIL LADER  
BOB RUBIN  
BO CUTTER  
ROGER ALTMAN  
HOWARD PASTER  
ELAINE KAMARCK  
JOHN KAMENSKY  
JOHN PODESTA  
✓ CAROL RASCO  
LAURA TYSON

FROM: GREG SIMON

SUBJECT: NPR IMPLEMENTATION WORKING GROUP

The Vice President has asked me to assemble a working group to discuss issues associated with implementing the recommendations of the National Performance Review. **The first meeting will be Friday, September 10th at 2:00 pm in the Vice President's Ceremonial Office, OEOB Room 274.** Each of you is invited to attend or to designate a deputy who will remain primarily responsible for your participation in the group. Please notify Kristin Schneeman at x6222 if you will attend or send a designee.

At Friday's meeting the working group will address:

- OMB's review of items appropriate for action this October as well as items targeted for inclusion in the Administration's Fiscal Year 1995 budget.
- A list of Executive Orders proposed for immediate action.
- Purposes for which NPR dividends could be dedicated.

\* = Probable inclusion in Oct. package.

FROM RED TAPE TO RESULTS • CREATING A GOVERNMENT THAT WORKS BETTER & COSTS LESS

Recommendation	Fiscal Impact, 1994-99* (Millions of Dollars)	
	Change in Spending	Change in Revenues
<b>AGENCY FOR INTERNATIONAL DEVELOPMENT</b>		
<b>AID01 Redefine and Focus AID's Mission and Priorities</b> With the end of the Cold War, AID must rethink how it will operate. NPR recommends steps to plan for this new mission and proposes new authorizing legislation to define its post-Cold War mission and priorities.	cbe	cbe
<b>AID02 Reduce Funding, Spending and Reporting Micromanagement</b> Eliminate AID's outdated or unduly burdensome reporting requirements and reduce legislative earmarks to provide greater operating flexibility.	cbe	cbe
<b>AID03 Overhaul the AID Personnel System</b> Recommendations include changes in AID's personnel system to integrate its multiple systems and review benefits.	na	na
<b>AID04 Manage AID Employees and Consultants as a Unified Work Force</b> Lift some current personnel restrictions and give managers authority to manage staff resources more efficiently and effectively.	cbe	cbe
<b>AID05 Establish an AID Innovation Capital Fund</b> Create a capital investment fund to improve information and financial management systems and customer service.	na	na
<b>AID06 Reengineer Management of AID Projects and Programs</b> AID should use pilot programs and new approaches to emphasize flexibility, innovation, customer service and program results.	cbe	cbe
<b>AID07 Consolidate or Close AID Overseas Missions</b> AID should regionalize missions and staff services overseas and close nonessential missions. It should establish "graduation" criteria for countries receiving U.S. assistance.	cbe	cbe
<b>DEPARTMENT OF AGRICULTURE</b>		
* <b>USDA01 End the Wool and Mohair Subsidy</b> The subsidy is no longer needed since wool is no longer a strategic commodity.	-\$923.0	\$0.0
* <b>USDA02 Eliminate Federal Support for Honey</b> Eliminate the honey subsidy because the program does not serve the intended purpose of ensuring the availability of honeybees for crop pollination.	-15.0	0.0
* <b>USDA03 Reorganize the Department of Agriculture to Better Accomplish Its Mission, Streamline Its Field Structure and Improve Service to Its Customers</b> USDA should streamline its field operations to eliminate unnecessary offices, reduce costs and better serve farmers.	-1,673.6	0.0
<b>USDA04 Implement a Consolidated Farm Management Plan</b> The farm management plan proposed by Secretary Espy provides an opportunity to simplify regulations for farm management and is a good way to consolidate competing requirements into a single plan for each farm.	cbe	cbe
<b>USDA05 Administer the Employment and Training Requirements for Food Stamp Recipients More Effectively and Efficiently</b> Redirect funds from an ineffective training program for food stamp recipients and allow them to participate in programs with proven results.	-1,041.1**	0.0
<b>USDA06 Encourage Better Food Package Management Practices and Facilitate Multi-State Contracts for Infant Food and Formula Cost Containment in the WIC Program</b> The recommendation encourages increased competition among infant formula vendors and manufacturers of other items in the USDA's Special Supplemental Food Program for Women, Infants and Children (WIC). Savings accrue to program.	-500.0**	0.0

\* Fiscal estimates were made for 1994 only where action could impact spending in that year. Most estimates cover 1995-99. Estimates shown are for cumulative budget authority changes. Negative numbers indicate reduced spending.

\*\* The NPR recommends that these savings be redirected to alternative uses. Savings totals exclude these amounts.

\*\*\* Savings will be invested in the program to serve additional customers.

cbe = cannot be estimated (due to data limitations or uncertainties about implementation time lines).

na = not applicable—recommendation improves efficiency or redirects resources but does not directly reduce budget authority.

APPENDIX A

Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>USDA07 Deliver Food Stamp Benefits Via Electronic Benefits Transfer to Improve Service to Customers While Remaining Cost Effective</b> Use electronic technology to distribute food stamp benefits, thereby improving service and reducing the need for current paper stamps.	cbe	cbe
<b>DEPARTMENT OF COMMERCE</b>		
<b>DOC01 Reinvent Federal Economic and Regional Development Efforts</b> Improve coordination of federal economic development efforts with the goals of eliminating duplication and better directing federal resources to improve business conditions.	na	na
<b>DOC02 Provide Better Coordination to Refocus and Leverage Federal Export Promotion</b> This recommendation is designed to improve federal services to U.S. businesses competing in the world export markets.	na	na
* <b>DOC03 Reform the Federal Export Control System for Commercial Goods</b> To help ensure leading U.S. industries are competitive in the global marketplace, changes should be made in the export control system.	na	na
<b>DOC04 Strengthen the Tourism Policy Council</b> Revitalize the Tourism Policy Council and give it greater authority to coordinate federal tourism promotion efforts.	na	na
<b>DOC05 Create Public / Private Competition for the NOAA Fleet</b> A pilot program is recommended to open the National Oceanic and Atmospheric Administration fleet to public and private competition to bolster the aging fleet.	cbe	cbe
* <b>DOC06 Improve Marine Fisheries Management</b> To help protect fishing resources and provide new income to the government, NOAA should collaborate with Congress and fishing industry representatives to establish appropriate user fees to help offset management costs for national fishery zones.	0.0	375.0
<b>DOC07 Provide EDA Public Works Loan Guarantees for Infrastructure Assistance</b> This recommendation would provide the Economic Development Administration with authority to use part of its funding as a reserve for loan guarantees for various public economic development projects.	na	na
<b>DOC08 Establish a Manufacturing Technology Data Bank</b> To help U.S. manufacturing firms increase their technical capabilities, Commerce should create a new database to provide technical information and contacts.	na	na
<b>DOC09 Expand the Electronic Availability of Census Data</b> To increase access to and use of census data, the Census Bureau should create a computerized census information center.	na	na
<b>DOC10 Amend the Omnibus Trade and Competitiveness Act to Increase the Data Quality of the National Trade Data Bank</b> This recommendation outlines improvements needed in the quality and quantity of data in this business-oriented data bank.	na	na
<b>DOC11 Eliminate Legislative Barriers to the Exchange of Business Data Among Federal Statistical Agencies</b> Eliminate legislative barriers to the exchange of business data among federal agencies (the Census Bureau, Bureau of Labor Statistics, and Bureau of Economic Analysis) to reduce the reporting burden on American business.	na	na
* <b>DOC12 Establish a Single Civilian Operational Environmental Polar Satellite Program</b> To reduce duplication and save taxpayers a billion dollars over the next decade... various current and proposed polar satellite programs should be consolidated under NOAA.	-300.0	0.0
<b>DOC13 Use Sampling to Minimize Cost of the Decennial Census</b> Use sampling rather than more costly methods of counting nonrespondents to next decennial census. (Savings will occur but are beyond the time frame of this analysis.)	cbe	cbe

cbe = cannot be estimated (due to data limitations or uncertainties about implementation time lines).

na= not applicable—recommendation improves efficiency or redirects resources but does not directly reduce budget authority.

FROM RED TAPE TO RESULTS • CREATING A GOVERNMENT THAT WORKS BETTER & COSTS LESS

Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>DOC14 Build a Business and Economic Information Node for the Information Highway</b> To assist in the distribution of government information to private citizens, Commerce should build a business and economic information node to the "information highway."	cbe	cbe
<b>DOC15 Increase Access to Capital for Minority Businesses.</b> Commerce and SBA should provide the President with recommendations to improve SBA and Minority Business Development Administration programs.	na	na
<b>DEPARTMENT OF DEFENSE</b>		
— <b>The Bottom-Up Review</b> This is a general summary of the Bottom-Up Review of DOD's force structure and requirements and its part in the National Performance Review effort. A total of \$79 billion in savings through 1997 are already incorporated into the President's 1994 budget. These savings are not included in the NPR analysis.	—	—
— <b>Acquisition Reform</b> The DOD acquisition system is large and extraordinarily complex. It needs to enable DOD to take advantage of the technological advances and efficient procurement practices of the commercial marketplace.	—	—
<b>DOD01 Rewrite Policy Directives to Include Better Guidance and Fewer Procedures</b> DOD should clarify policy directives and procedures to reduce administrative burden and unnecessary regulatory controls.	cbe	cbe
<b>DOD02 Establish a Unified Budget for the Department of Defense</b> Give commanders greater flexibility to set priorities, solve funding problems, and resolve unplanned requirements at the lowest appropriate operating level.	cbe	cbe
<b>DOD03 Purchase Best Value Common Supplies and Services</b> Allow managers and commanders to purchase the best value common supplies and services from public, private, or nonprofit sources.	cbe	cbe
<b>DOD04 Outsource Non-core Department of Defense Functions</b> By contracting out non-core functions (from towing services to certain information technology functions), DOD will be better able to focus on its core responsibilities.	cbe	cbe
<b>DOD05 Create Incentives for the Department of Defense to Generate Revenues</b> This recommendation proposes giving managers and commanders the ability to generate income at the installation level by allowing the Corps of Engineers to recover its costs for processing certain commercial applications and by establishing goals for solid waste reduction and recycling.	-500.0	60.0
<b>DOD06 Establish and Promote a Productivity-Enhancing Capital Investment Fund.</b> DOD should be authorized to expand its capital investment fund manage its operations in a more business-like manner.	-110.3	0.0
<b>DOD07 Create a Healthy and Safe Environment for Department of Defense Activities.</b> To create a safe environment, DOD must take action in the areas of clean-up of hazardous wastes, use of environmental technology, and pollution prevention.	na	na
<b>DOD08 Establish a Defense Quality Workplace</b> This is an internal department recommendation to encourage the use of quality management concepts at all levels of DOD.	cbe	cbe
<b>DOD09 Maximize the Efficiency of DOD Health Care Operations</b> Use emerging technology to upgrade care at DOD health care facilities.	350.0	0.0
<b>DOD10 Give Department of Defense Installation Commanders More Authority and Responsibility Over Installation Management</b> By giving DOD installation commanders more authority over installation management, DOD will be better able to manage its resources, provide services to its employees and move toward more entrepreneurial management.	cbe	cbe

cbe = cannot be estimated (due to data limitations or uncertainties about implementation time lines).

na= not applicable—recommendation improves efficiency or redirects resources but does not directly reduce budget authority.

APPENDIX A

Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>DOD11 Reduce National Guard and Reserve Costs</b> This recommendation makes two changes in the current costs for reservists: (1) to limit compensation of federal employees on reserve duty to the greater of civilian or reserve compensation or to allow the reservist to take annual leave; and (2) to limit the basic allowance for quarters only to reservists who actually bring their dependents on short-term duty assignments when quarters are not provided to dependents.	-900.0	0.0
<b>DOD12 Streamline and Reorganize the U.S. Army Corps of Engineers</b> NPR recommends implementing a 1992 reorganization proposal that would reduce the number of division offices from 11 to six and would allow the Corps to work with OMB and other agencies to make maximum use of Corps engineering and technical capabilities.	-68.0	0.0
<b>DEPARTMENT OF EDUCATION</b>		
<b>ED01 Redesign Chapter 1 of Elementary and Secondary Education Act</b> Recommendations focus education funds on the neediest students and simplify requirements on schools receiving federal education aid. Existing funds are redirected.	-\$3,000.0*	\$0.0
<b>ED02 Reduce the Number of Programs the Department of Education Administers</b> Eliminate or consolidate more than 40 existing education grant programs and free up funds for use in other educational programs.	-515.0*	0.0
<b>ED03 Consolidate the Eisenhower Math and Science Education Program with Chapter 2</b> NPR proposes combining this teacher training program, which is largely consumed with short-term training, with other ED programs to create a new program with a more coherent national focus on teacher training and professional development.	na	na
<b>ED04 Consolidate National Security Education Act Programs</b> The NSEA trust fund, administered by the Department of Defense, should be consolidated with the Center for International Education in ED to strengthen foreign language study and eliminate duplication of effort.	na	na
<b>ED05 Streamline and Improve the Department of Education's Grants Process</b> Statutory restrictions on the department's rulemaking process should be removed. Flexibility added to certain procedures, and unnecessary requirements eliminated to shorten the grant award process.	cbe	cbe
<b>ED06 Provide Incentives for the Department of Education's Debt Collection Service</b> This recommendation would allow ED to use a portion of revenues collected from defaulted student loans to pay for collections costs, thereby providing an incentive for increased collections.	na	na
<b>ED07 Simplify and Strengthen Institutional Eligibility and Certification for Participation in Federal Student Aid</b> NPR recommends developing ways of measuring default indicators, creating profiles of high-risk institutions, and removing eligibility of institutions to participate in federal financial aid programs once the schools have become ineligible to receive federal student loan funds.	-175.0	0.0
<b>ED08 Create a Single Point of Contact for Program and Grant Information</b> ED should create an electronic system that can be used by students, parents, researchers and administrators to learn about department programs, funding opportunities, best practices and other information.	1.8	0.0
<b>ED09 Improve Employee Development Opportunities in Department of Education</b> ED should create a full spectrum of activities which can contribute to career development, including conducting a departmentwide assessment of training and development needs.	na	na

\* The NPR recommends that these savings be redirected to alternative uses. Savings totals exclude these amounts.

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FROM RED TAPE TO RESULTS • CREATING A GOVERNMENT THAT WORKS BETTER & COSTS LESS

Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>ED10 Eliminate the Grantback Statutory Provision of the General Education Provisions Act</b> NPR recommends repealing this provision which permits the department to return to a grantee a percentage of funds recovered from the grantee as a result of an audit.	0.0*	0.0
<b>ED11 Build a Professional, Mission-Driven Structure for Research</b> NPR recommends establishing a research advisory board, consolidating and targeting research and development efforts, and establishing an office to translate research findings into education reform assistance.	na	na
<b>ED12 Develop a Strategy for Technical Assistance and Information Dissemination</b> ED should develop a strategy for its \$290 million technical assistance efforts designed to promote the National Goals 2000 themes.	na	na
<b>DEPARTMENT OF ENERGY</b>		
<b>DOE01 Improve Environmental Contract Management</b> NPR proposes improvements in DOE environmental clean-up contracts to achieve efficiency.	cbe	cbe
<b>DOE02 Incorporate Land Use Planning in Cleanup</b> NPR recommends that DOE incorporate land use planning into the nuclear facilities clean-up process.	cbe	cbe
<b>DOE03 Make Field Facility Contracts Outcome-Oriented</b> This recommendation would modify the current DOE contract process at field facilities to make the contracts more outcome-oriented to improve efficiency and contractor performance.	-570.0	0.0
* <b>DOE04 Increase Electrical Power Revenues and Study Rates</b> NPR proposes increasing federal income by allowing the Power Marketing Administrations to recover a larger portion of their operating costs through rate increases or by changing the financing of Bonneville Power Administration.	0.0	3,601.0
<b>DOE05 Strengthen the Federal Energy Management Program</b> NPR recommends a number of improvements to this program, designed to better management of federal energy use.	na	na
<b>DOE06 Redirect Energy Laboratories to Post-Cold War Priorities</b> This recommendation provides guidance for use of the DOE energy labs, focusing on defining new missions, consolidating or eliminating unneeded facilities, and making their services of greater benefit in the post-Cold War era.	-2,150.0	0.0
<b>DOE07 Save Costs Through Private Power Cogeneration</b> This would allow the private sector to cogenerate power at DOE labs as a means of saving money. DOD has similar authority at this time.	-112.0	0.0
* <b>DOE08 Support the Sale of the Alaska Power Administration</b> The federal government should divest its interests in the Alaska Power Administration.	-20.5	-52.5
<b>ENVIRONMENTAL PROTECTION AGENCY</b>		
<b>EPA01 Improve Environmental Protection Through Increased Flexibility for Local Government</b> EPA should amend the regulations it determines are most troublesome for local governments pursuant to the Regulatory Flexibility Act of 1980. The goal is to provide alternative, flexible approaches to meeting environmental mandates.	na	na
* <b>EPA02 Streamline EPA's Permit Program</b> Streamlining efforts include establishing a permit clearinghouse to serve as a single point of contact and piloting a cross-program permit tracking system.	-22.5	0.0

\*This recommendation saves an estimated \$18.5 million in expenditures but makes no change in budget authority.

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## APPENDIX A

Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>EPA03 Shift EPA's Emphasis Toward Pollution Prevention and Away from Pollution Control</b> EPA needs to emphasize pollution prevention by implementing an effective pollution prevention strategy that includes amending regulations and motivating the private sector to invest in cleaner, less polluting technologies and practices.	cbe	cbe
<b>EPA04 Promote the Use of Economic and Market-Based Approaches to Reduce Water Pollution</b> EPA should work with Congress to propose language amending the Clean Water Act to explicitly encourage market-based approaches to reduce water pollution. EPA should also identify wastewater discharge fees that could be included in the Clean Water Act reauthorization.	cbe	cbe
<b>EPA05 Increase Private Sector Partnerships to Accelerate Development of Innovative Technologies</b> NPR recommends that EPA develop an action plan with specific milestones for improving the regulatory and statutory climate for innovative technologies.	na	na
<b>EPA06 Stop the Export of Banned Pesticides</b> EPA should work with Congress to develop legislation to stop the exportation of banned pesticides from the U.S. by June 1994.	na	na
<b>EPA07 Establish Measurable Goals, Performance Standards and Strategic Planning within EPA</b> EPA should draft measurable environmental goals for the range of environmental problems the U.S. faces. The agency should also draft internal goals to provide direction for assessing and redirecting existing EPA strategies.	na	na
<b>EPA08 Reform EPA's Contract Management Process</b> NPR recommends reforms in EPA's contract management process by implementing performance standards and by maximizing competition in the contracting process.	cbe	cbe
<b>EPA09 Establish a Blueprint for Environmental Justice Through EPA's Operations</b> EPA should develop a blueprint of actions that will incorporate environmental justice consideration into all aspects of EPA operations.	na	na
<b>EPA10 Promote Quality Science for Quality Decisions</b> Improvements include establishing guidelines for professional development of EPA's scientific and technical staff and expanding the use of peer-review and quality assurance procedures.	na	na
<b>EPA11 Reorganize EPA's Office of Enforcement</b> EPA should initiate a reorganization of its headquarter's enforcement organization by October 1, 1993.	-10.5	0.0
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>		
<b>NOTE: White House Office and Office of the Vice President</b> The White House Office and the Office of the Vice President are regularly "reinvented" with each change of administration. This analysis focuses on the other portions of the Executive Office of the President.	—	—
<b>EOP01 Delegate Routine Paperwork Review to the Agencies and Redeploy OMB' Resources More Effectively</b> These recommendations outline improvements to streamline the government's paperwork review process and reduce unnecessary burdens on agencies.	cbe	cbe
<b>EOP02 Modify the OMB Circular System</b> OMB should reinvigorate the process for the review, updating, and consolidation of management circulars. It should also develop uniform processes for developing circulars and for obtaining input during their development.	na	na
<b>EOP03 Strengthen the Office of U.S. Trade Representative's Coordination with State and Local Governments</b> The Trade Representative's Office should examine the trade policy needs of state and local governments and work with them on relevant issues.	0.5	0.0

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FROM RED TAPE TO RESULTS • CREATING A GOVERNMENT THAT WORKS BETTER & COSTS LESS

Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>EOP04 Improve Federal Advisory Committee Management</b> Discontinuing the "anti pass the hat" language annually inserted into appropriations acts would allow appropriate pooling of executive resources for certain multi-agency projects.	-1.4	0.0
<b>EOP05 Reinvent OMB's Management Mission</b> NPR recommends a series of actions by OMB to redirect resources to provide better management information for Presidential decision making.	0.1	0.0
<b>EOP06 Improve OMB's Relationship with Other Agencies</b> This recommendation outlines methods by which OMB can work more effectively with agencies and with states.	na	na
<b>EOP07 Strengthen the Office of the U.S. Trade Representative's Trade Policy Coordination Process</b> These recommendations outline ways to improve the interagency trade policy coordination process.	na	na
<b>EOP08 Strengthen the Office of the U.S. Trade Representative's Negotiation Process</b> The Office of the USTR should implement various techniques for upgrading the negotiating skills of its employees and the analysis of the negotiation process itself.	cbe	cbe
<b>EOP09 Establish a Customer Service Bureau in the EOP</b> Using available resources, EOP management should establish a small, one-stop customer service bureau within the EOP.	na	na
<b>EOP10 Conduct Qualitative Self-Reviews of Critical Administrative Processes</b> The Assistant to the President for Management and Administration should establish a formal program of ongoing, internal quality reviews of administrative processes in the EOP to save money and improve service.	cbe	cbe
<b>EOP11 Improve the Presidential Transition Process</b> Past difficulties with the Presidential transition should be corrected by amendment of the Presidential Transition Act and related actions.	cbe	cbe
<b>EOP12 Improve Administrative Processes</b> This recommendation outlines a series of steps to improve internal administrative processes within the EOP, including mail processing, paperwork flow, and supply management.	na	na
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>		
<b>FEMA01 Shift Emphasis to Preparing for and Responding to the Consequences of All Disasters</b> FEMA's early focus was on preparedness for nuclear war. The current world situation and recent natural disasters highlight the need for FEMA to continue to shift its resources to respond to all hazards.	na	na
<b>FEMA02 Develop a More Anticipatory and Customer-Driven Response to Catastrophic Disasters</b> These recommendations should make FEMA respond faster and more effectively to catastrophic disasters.	na	na
* <b>FEMA03 Create Results-Oriented Incentives to Reduce the Costs of a Disaster</b> The Midwest floods, Hurricanes Hugo and Andrew and the Loma Prieta Earthquake all illustrate the enormous costs of disaster to society. These recommendations will move toward reducing that cost.	cbe	cbe
<b>FEMA04 Develop A Skilled Management Team Among Political Appointees and Career Staff</b> Leadership has been the weak link in FEMA's mission as the federal government's emergency management coordinator. These recommendations strive to improve FEMA leadership to successfully implement its new, all-hazards mission.	na	na

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Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
<b>NOTE: Treatment of Health Care and Welfare Reform Issues by the NPR</b> Two primary concerns of the Department of Health and Human Services are the delivery of health and welfare services to individuals. Since the Administration has special, ongoing efforts dealing with these areas, they are not covered by the National Performance Review.	—	—
<b>HHS01 Promote Effective, Integrated Service Delivery for Customers by Increasing Collaborative Efforts</b> These recommendations outline a number of steps needed to better integrate and deliver social services to communities and families.	cbe	cbe
<b>HHS02 Reengineer the HHS Process for Issuing Regulations</b> HHS should improve the timeliness and quality of regulations issued and should involve stakeholders in the development of regulations.	cbe	cbe
<b>HHS03 Develop a National, Uniform Inspection System to Ensure a Safe Food Supply</b> Responsibility for food safety should be consolidated into a single agency, and policies and inspection systems should be implemented on an objective, scientific basis.	cbe	cbe
<b>HHS04 Reconfigure Support for Health Professions Education</b> Existing programs should be consolidated and/or eliminated.	na	na
<b>HHS05 Restructure the Management of Railroad Industry Benefit Programs.</b> Railroad Retirement Board functions should be integrated into existing programs administered by federal, state, and private sector service providers.	cbe	cbe
* <b>HHS06 Improve Social Security Administration Disability Claims Processing to Better Serve People with Disabilities and Safeguard Trust Fund Assets</b> SSA should apply resources and management tools needed to reduce backlogs and to avoid paying benefits to individuals who are no longer disabled.	-4,010.0*	0.0
<b>HHS07 Protect Social Security, Disability and Medicare Trust Fund Assets by Removing Barriers to Funding Productive Oversight Activities</b> HHS should aggressively pursue options to assure that adequate investments are made to avoid unnecessary payments from trust funds.	na	na
* <b>HHS08 Coordinate Collection and Dissemination of Social Security Administration Death Information to Protect Federal Program Assets</b> SSA's clearinghouse for death information and "best practices" can be used by dozens of federal and state agencies to reduce federal program outlays.	cbe	cbe
* <b>HHS09 Take More Aggressive Actions to Collect Outstanding Debts Owed to the Social Security Trust Fund</b> SSA should be given the authority to use a full range of debt collection tools available under the Debt Collection Act of 1982 to collect debts owed by individuals who are no longer on benefit rolls.	-335.0*	0.0
* <b>HHS10 Institute and Collect User Fees on FDA's Inspection and Approval Processes</b> Food, drug and medical device manufacturers, processors and suppliers should be required to pay for FDA services.	-1,439.8	0.0
<b>HHS11 Redesign SSA Service Delivery and Make Better Use of Technology to Provide Improved Access and Services to Customers</b> SSA's organizational structure needs to be updated to reflect changing customer needs and to take full advantage of emerging technologies.	na	na
<b>HHS12 Strengthen Departmentwide Management</b> The department should conduct a review of its organizational structure and management systems to determine an appropriate balance between centralized and decentralized functions.	na	na
<b>HHS13 Review the Field and Regional Office Structure of the HHS and Develop a Plan for Shifting Resources to Match Workload Demands</b> The review should emphasize customer service, results and increased accountability.	cbe	cbe

\*Savings will be realized in the Social Security Trust Funds and will not affect discretionary spending levels.

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Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
* HHS14 <b>Amend the Health Care Financing Administration's Contracting Authority to Allow for Competitive Contracting</b> HCFA should be authorized to fully and openly compete Medicare claims processing contracts to reduce costs and eliminate inefficiencies and conflicts of interest.	-985.0	0.0
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
HUD01 <b>Reinvent Public Housing</b> HUD should create pilot programs to devolve greater authority over housing funds to sound local agencies. It should create demonstrations of mixed-income public housing with portable subsidies. HUD should also streamline public housing rules and take other steps to improve public housing management.	cbe	cbe
* HUD02 <b>Improve Multi-Family Asset Management and Disposition</b> HUD should use public-private partnerships to manage and sell HUD-held loans and real estate for non-subsidized housing projects. Congress should reduce restrictions on HUD sale of multi-family properties, including use of portable subsidies for tenants when the Secretary determines that to be best for tenant needs.	na	na
HUD03 <b>Improve Single-Family Asset Management and Disposition</b> HUD should use a combination of early assistance to borrowers having financial difficulties, contract loan servicing, contract mortgage assistance programs and public-private partnerships to streamline and improve management of HUD-assigned single-family mortgages.	na	na
HUD04 <b>Create an Assisted-Housing/Rent Subsidy Demonstration Project</b> HUD should be authorized to experiment in negotiated restructuring of privately owned assisted-housing projects to improve management, promote mixed-income housing and save taxpayer funds.	na	na
HUD05 <b>Establish a New Housing Production Program</b> HUD should stimulate housing production through FHA risk-sharing arrangements with housing finance agencies, stimulate a secondary market for multi-family properties, improve access to FHA insurance for first-time home buyers, provide special FHA programs to revitalize neighborhoods and improve FHA management.	na	na
* HUD06 <b>Streamline HUD Field Operations</b> HUD should streamline its Washington, regional and field office structure and consolidate and reduce its size over time.	-167.0	0.0
HUD07 <b>Refinance Section 235 Mortgages</b> HUD should use incentive contracts to speed savings from refinancing expensive old mortgages subsidized by HUD.	-210.0	0.0
* HUD08 <b>Reduce Section 8 Contract Rent Payments</b> HUD should modify its process to reduce unjustified increases in annual payments to Section 8 projects.	-225.0	0.0
* HUD09 <b>Consolidate Section 8 Certificates and Vouchers</b> This recommendation would consolidate two overlapping projects to eliminate duplication.	cbe	cbe
* HUD10 <b>Reduce Operating Subsidies for Vacancies</b> This recommendation would encourage public housing agencies to make better use of their assets by reducing subsidies paid for unjustifiably vacant units.	cbe	cbe

**INTELLIGENCE COMMUNITY**

INTEL01 **Enhance Intelligence Community Integration**  
The end of the Cold War and the constrained fiscal environment in the U.S. create an imperative for the 13 components of the Intelligence Community to act more effectively and more efficiently as a team.

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APPENDIX A

Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>INTEL02 Enhance Community Responsiveness to Customers</b> A 40-year emphasis on the Soviet Union allowed the Intelligence Community to develop a repertoire which was not dependent on a close relationship with its customers. That is no longer the case today, and NPR makes recommendations for improvements in this area.	.	.
<b>INTEL03 Reassess Information Collection to Meet New Analytical Challenges</b> The analytical issues the Intelligence Community faces are far more diverse and complex today, requiring new focus and new techniques to meet the intelligence needs of policymakers.	.	.
<b>INTEL04 Integrate Intelligence Community Information Management Systems</b> The Intelligence Community lacks the connectivity and interoperability in its information systems to do its job efficiently and effectively.	.	.
<b>INTEL05 Develop Integrated Personnel and Training Systems</b> This recommendation focuses on organizational development and training issues within the Intelligence Community.	.	.
<b>INTEL06 Merge the President's Intelligence Oversight Board with the President's Foreign Intelligence Advisory Board</b> The roles of these two oversight bodies are sufficiently similar that small savings and some efficiencies can be achieved by combining them.	.	.
<b>INTEL07 Improve Support to Ground Troops During Combat Operations</b> Numerous studies of intelligence support during the Gulf War focused on agency or service-specific support issues. This issue outlines a reinvention lab effort which proposes an integrated approach to studying support to ground forces during combat operations.	.	.
<b>DEPARTMENT OF THE INTERIOR</b>		
<b>DOI01 Establish a Hard Rock Mine Reclamation Fund to Restore the Environment</b> To address health and safety threats and environmental damage caused by toxic, metal and chemical leaching from abandoned mines, the federal government should establish a hard-rock mine reclamation fund.	cbe	cbe
<b>DOI02 Redefine Federal Oversight of Coal Mine Regulation</b> To overcome organizational problems that inhibit an effective state-federal relationship, federal oversight of coal mine regulations should be redefined.	-28.0	0.0
<b>DOI03 Establish a National Spatial Data Infrastructure</b> By supporting a cross-agency coordinating effort, the federal government can develop a coherent vision for the national spatial data infrastructure (NSDI). (Spatial, or geographic, data refers to information that can be placed on a map.) This will allow greatly improved information analysis in a wide range of areas, including the analysis of environmental information and the monitoring of endangered animals and sensitive land areas.	36.0	0.0
<b>DOI04 Promote Entrepreneurial Management of the National Park Service**</b> The Park Service should be allowed to raise additional revenues from appropriate sources and to use a portion of the money for investment in park infrastructure. This proposal would increase selected park entry fees and would increase fees on park concessionaires.	332.0	993.0
<b>DOI05 Obtain a Fair Return for Federal Resources</b> The federal government should institute reforms to guarantee a fair return for federal resources such as livestock grazing and hard-rock mining. Some of the programs regulating the commercial sale and use of natural resources on federal lands operate at a loss to the taxpayers and fail to provide incentives for good stewardship practices. The administration should also develop a new fee schedule for communications sites on DOI and Department of Agriculture lands.	132.4	549.7

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\*\*NPR recommends redirecting half of increased park income to investment in park infrastructure. cbe = cannot be estimated (due to data limitations or uncertainties about implementation time lines).

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FROM RED TAPE TO RESULTS • CREATING A GOVERNMENT THAT WORKS BETTER & COSTS LESS

Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>DOI06 Rationalize Federal Land Ownership</b> DOI needs to reinvent the way it manages and acquires federal lands. Due to historical patterns of settlement and development of this country, adjoining federal lands often fall under the jurisdiction of several federal agencies. To the degree possible, this should be corrected based on the principle of ecosystem management.	na	na
<b>DOI07 Improve the Land Acquisition Policies of the DOI</b> The Secretaries of Interior and Agriculture and the Director of OMB should modify the process for determining land acquisition priorities and procedures. The new system should reflect major objectives of federal land acquisition, including outdoor recreation resources, resource protection, and resource and cultural heritage protection.	na	na
* <b>DOI08 Improve Mineral Management Service Royalty Collections</b> Better management of DOI's royalty collection program would increase revenues and improve efficiency.	0.0	28.0
<b>DOI09 Establish a System of Personnel Exchanges in DOI</b> A change in management philosophy is needed to address bureaucratic barriers at DOI. This recommendation outlines various approaches to this problem.	na	na
* <b>DOI10 Consolidate Administrative and Programmatic Functions in DOI</b> To manage its bureaus effectively, DOI needs to reduce duplicative services. By consolidating administrative and programmatic functions, DOI can improve customer service, promote efficiency, and reduce costs.	-17.5	0.0
<b>DOI11 Streamline Management Support Systems in DOI</b> To create a quality management culture, the department should streamline its management support systems, including telecommunications, procurement, financial management, and paperwork control.	cbe	cbe
<b>DOI12 Create a New Mission for the Bureau of Reclamation</b> The Bureau of Reclamation needs to redefine its mission toward new environmental priorities and clarify its role in water management. The original mission to develop water resources and provide for economic development of the West—is almost complete.	-184.1	0.0
* <b>DOI13 Improve the Federal Helium Program</b> The federal government needs to reexamine its role in the federal helium program. The program can be run more efficiently, reducing outlays by federal helium customers and increasing revenue. To obtain maximum benefit from helium operations, the government should cancel the helium debt, reduce costs, increase efficiencies in helium operations, and increase sales of crude helium as market conditions permit.	-12.0	35.0
<b>DOI14 Enhance Environmental Management by Remediating Hazardous Material Sites</b> The time is right to integrate skills across bureau boundaries in the remediation of DOI's hazardous materials sites. The high cost of remediation requires DOI to make maximum use of existing resources.	18.7	0.0
<b>DEPARTMENT OF JUSTICE</b>		
<b>DOJ01 Improve the Coordination and Structure of Federal Law Enforcement Agencies*</b> NPR recommends the designation of the Attorney General as the Director of Law Enforcement to coordinate federal law enforcement efforts. It also recommends changes in the alignment of federal law enforcement responsibilities.	-\$187.0	\$0.0
* <b>DOJ02 Improve Border Management*</b> Federal border management should be significantly improved. NPR recommends a series of actions to be taken by Customs and INS to make these improvements.	cbe	cbe
<b>DOJ03 Redirect and Better Coordinate Resources Dedicated to Interdiction of Drugs*</b> This recommendation outlines changes that can be made to better coordinate federal programs directed at the air interdiction of drugs.	na	na

\* Issue corresponds to an identical issue in the Department of Treasury report; fiscal impact is for Justice only.

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## APPENDIX A

Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
* DOJ04 <b>Improve Department of Justice Debt Collection Efforts</b> This recommendation would make improvements in the Justice debt collection effort, including giving the department the ability to retain a small percentage of debts collected and allowing Justice to credit its working capital fund with a percentage of debt collections to be used for the creation of a centralized debt tracking and information system.	cbe	cbe
DOJ05 <b>Improve the Bureau of Prisons Education, Job Training, and Financial Responsibilities Programs</b> NPR makes a series of recommendations for improving prison education, training, and inmate financial responsibility policies.	0.0	13.5
DOJ06 <b>Improve the Management of Federal Assets Targeted for Disposition*</b> Improvements are needed in the methods by which the federal government disposes of various assets.	cbe	cbe
DOJ07 <b>Reduce the Duplication of Drug Intelligence Systems and Improve Computer Security*</b> NPR recommends several changes to eliminate duplication in the federal drug intelligence system.	cbe	cbe
DOJ08 <b>Reinvent the Immigration and Naturalization Service's Organization and Management</b> NPR recommends a number of changes in INS organization and management processes to provide an improved management structure and a strategic vision for the agency.	-48.0	0.0
DOJ09 <b>Make the Department of Justice Operate More Effectively as the U.S. Government Law Firm</b> Justice should undertake several improvements in the way it manages its litigation functions to improve service to its customers and better manage its case load.	na	na
DOJ10 <b>Improve White Collar Fraud Civil Enforcement</b> Civil fraud recovery should be established as a priority and the department should take steps to improve its white collar fraud enforcement.	14.0	111.0
DOJ11 <b>Reduce the Duplication of Law Enforcement Training Facilities</b> Overlap and duplication in the provision of federal law enforcement training facilities should be examined. Multi-agency training needs should be accommodated through existing facilities in lieu of the construction of new facilities by individual agencies.	cbe	cbe
DOJ12 <b>Streamline Background Investigations for Federal Employees</b> The current method of completing background examinations on federal employees is time-consuming and inefficient. This recommendation outlines improvements to streamline the process without sacrificing thoroughness.	-60.0	0.0
* DOJ13 <b>Adjust Civil Monetary Penalties to the Inflation Index</b> Civil monetary penalties have not been adjusted to keep up with inflation. Under this recommendation, a "catch-up" adjustment would be made and the need for additional inflation adjustments would be automatically reassessed every four years.	0.0	193.0
DOJ14 <b>Improve Federal Courthouse Security</b> This recommendation is intended to address concerns of the U.S. Marshals Service concerning security at federal courthouses.	24.0	0.0
DOJ15 <b>Improve the Professionalism of the U.S. Marshals Service</b> U.S. Marshals should be selected based on merit by the Director of the U.S. Marshal Service and reduce some positions.	-36.0	0.0
* DOJ16 <b>Develop Lower Cost Solutions to Federal Prison Space Problems</b> This recommendation describes approaches to solving existing prison space problems.	cbe	cbe
<b>DEPARTMENT OF LABOR</b>		
* DOL01 <b>Enhance Reemployment Programs for Occupationally Disabled Federal Employees</b> These recommendations would help occupationally disabled federal employees return to productive careers by expanding DOL's return-to-work program. This saves money by reducing long-term benefit costs to the government.	-\$125.7	\$0.0

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FROM RED TAPE TO RESULTS • CREATING A GOVERNMENT THAT WORKS BETTER & COSTS LESS

Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>DOL02 Develop a Single Comprehensive Worker Adjustment Strategy.</b> Improve services to the unemployed—and those at risk of dislocation—and make better use of resources available for assistance by developing a new worker adjustment strategy.	na	na
<b>DOL03 Expand Negotiated Rulemaking and Improve Up-front Teamwork on Regulations</b> DOL should provide administrative guidance more quickly and cheaply through negotiated rulemaking and a streamlined team approach to the rules development process.	cbe	cbe
<b>DOL04 Expand the Use of Alternative Dispute Resolution by the Department of Labor</b> The increased use of alternative dispute resolution could reduce litigation and produce significant long-term savings.	cbe	cbe
<b>DOL05 Automate the Processing of ERISA Annual Financial Reports (Forms 5500) to Cut Costs and Delays in Obtaining Employee Benefit Plan Data</b> Automating the filing and processing of annual financial reports required of pension and benefit plan administrators (ERISA Forms 5500) would reduce costs and delays.	49.7	0.0
<b>DOL06 Amend the ERISA Requirement for Summary Plan Descriptions</b> The filing of summary plan descriptions by employee benefit plan administrators with DOL is intended to make the plans more readily available for participants and beneficiaries. Since requests for copies are received on only about one percent, the cost to maintain the system and the administrative burden on employers far outweighs the public benefit.	-0.6	0.0
<b>DOL07 Redirect the Mine Safety and Health Administration's Role in Mine Equipment Regulation</b> Shifting the Mine Safety and Health Administration's regulatory role from one of in-house testing to one of on-site quality assurance would provide increased economic benefits to the mining industry and would allow DOL to redirect resources.	na	na
<b>DOL08 Create One-Stop Centers for Career Management</b> Establishing one-stop centers for career management would create a customer-driven work force system, empowering Americans to make informed career choices and providing the means to achieve those goals.	cbe	cbe
<b>DOL09 Create a Boundary-Spanning Work Force Development Council</b> Because the greatest barriers to creating an integrated work force development system are the categorical nature of federal funds and structural fragmentation of various federal programs, this issue proposes to coordinate work force development efforts by convening a multi-agency Work Force Development Council and implementing "bottom-up grant consolidation" for states and localities.	na	na
<b>DOL10 Refocus the Responsibility for Ensuring Workplace Safety and Health</b> This recommendation proposes to shift responsibility for workplace safety and health to employers by issuing regulations requiring self-inspections and implementing a sliding scale of incentives and penalties to ensure safety standards are met.	cbe	cbe
<b>DOL11 Open the Civilian Conservation Centers to Private and Public Competition</b> A long-term reduction in costs is possible through expanded competition for contracts to operate Job Corps Civilian Conservation Centers.	cbe	cbe
<b>DOL12 Partially Fund Mine Safety and Health Enforcement Through Service Fees</b> Charge for services to put the mining industry on a comparable footing with other industries which bear the cost of their regulation. This proposes to partially fund enforcement of mine safety regulations through service fees.	-44.4	0.0
<b>DOL13 Integrate Enforcement Activities within the Department of Labor</b> Introduce greater coordination and flexibility in the DOL enforcement agencies to project a consistent message to customers and integrate approaches to common issues.	cbe	cbe
<b>DOL14 Apply Information Technology to Expedite Wage Determinations for Federal Contracts</b> Developing an electronic data interchange/data mapping system which is integrated into the Service Contract Act process should eliminate delays both in the delivery of wage determinations and in procurement when caused by determination delays.	0.1	0.0

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## APPENDIX A

Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>DOL15 Provide Research and Development Authority for the DOL's Mine Safety and Health Program</b> Granting the Mine Safety and Health Administration authority to procure services and goods directly would improve the mine safety program by expediting the acquisition process for new and improved technology.	na	na
<b>DOL16 Increase Assistance to States in Collecting Delinquent Unemployment Insurance Trust Fund Contributions</b> This recommendation outlines ways of improving state collections of delinquent unemployment insurance contributions.	na	na
<b>DOL17 Revise and Update the Consumer Price Index</b> The consumer price index has important consequences for both public and private decisions. This important measure should be updated to reflect recent inflation trends.	56.0	0.0
<b>DOL18 Improve the Delivery of Legal Services by the Office of the Solicitor in the Department of Labor</b> The delivery of legal services by the Office of the Solicitor can be improved by using cooperative agreements, coordinated budgeting and better use of resources.	na	na
<b>DOL19 Transfer the Veterans' Employment and Training Service to the Employment and Training Administration</b> The DOL can improve service delivery to veterans and save money by consolidating administration of this function.	-66.0	0.0
<b>DOL20 Reduce Federal Employees' Compensation Act Fraud</b> Congress needs to amend several sections of the United States Code to enable DOL to eliminate benefits to persons who have been convicted of defrauding the program.	-22.6	0.0
<b>DOL21 Change the Focus of the Unemployment Insurance Benefits Quality Control Program to Improve Performance</b> Re-examining the present mix of systems to shift the focus of this program from error measurement to a constructive use of the results would allow DOL to improve benefit payment quality and more effectively achieve the program's goals.	na	na
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>		
<b>NASA01 Improve NASA Contracting Practices</b> This recommendation outlines several steps NASA can take to improve its contracting procedures, including greater use of performance standards, contracting out for data instead of hardware whenever appropriate, and using cooperative research agreements to more quickly exploit high performance computing techniques.	cbe	cbe
<b>NASA02 Increase NASA Technology Transfer Efforts and Eliminate Barriers to Technology Development</b> NASA should expand its technology transfer efforts and promote the development of new technologies.	na	na
<b>NASA03 Increase NASA Coordination of Programs with the U.S. Civil Aviation Industry</b> NASA should develop a closer relationship with the U.S. civil aviation industry to ensure industry input is received early and throughout the technology development process.	na	na
<b>NASA04 Strengthen and Restructure NASA Management</b> NASA program management should be aggressively overhauled. This recommendation outlines a number of steps the agency should take, both in overall management and in the management of the space station program.	-1,982.0	0.0
<b>NASA05 Clarify the Objectives of the Mission to Planet Earth Program</b> This recommendation suggests a number of steps needed to improve the management and performance of the Mission to Planet Earth program.	na	na

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FROM RED TAPE TO RESULTS • CREATING A GOVERNMENT THAT WORKS BETTER & COSTS LESS

Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>NATIONAL SCIENCE FOUNDATION/OFFICE OF SCIENCE AND TECHNOLOGY POLICY</b>		
<b>NSF01 Strengthen Coordination of Science Policy</b> NPR recommends modifying the current structure of the Federal Coordinating Council for Science, Engineering, and Technology (FCCSET) to strengthen its role in science policy.	na	na
<b>NSF02 Use a Federal Demonstration Project to Increase Research Productivity</b> NPR recommends using a demonstration project structured between several universities and five federal agencies as a model for a program to reduce administrative overhead on research grants.	na	na
<b>NSF03 Continue Automation of NSF Research Support Functions</b> NSF should push forward with efforts to implement advanced information technology in the proposal submission, review, award, and information dissemination areas.	na	na
<b>SMALL BUSINESS ADMINISTRATION</b>		
<b>SBA01 Allow Judicial Review of the Regulatory Flexibility Act</b> Allow access to the courts when federal agencies develop rules that fail to properly examine alternatives that will lessen the burden on small businesses.	cbe	cbe
<b>SBA02 Improve Assistance to Minority Small Businesses</b> This proposal recommends a complete review of all federal minority business assistance programs and the establishment of a Small Disadvantaged Business Set-Aside program for civilian agencies to provide increased opportunities for minority small business.	na	na
<b>SBA03 Reinvent the U.S. Small Business Administration's Credit Programs</b> Identify ways to improve SBA's credit programs to make SBA more responsive to those industries with the potential for creating a higher number of jobs, those involved in international trade, and those providing critical technologies. It will also enable the agency to operate more efficiently.	na	na
<b>SBA04 Examine Federal Guidelines for Small Business Lending Requirements</b> The federal government should examine the guidelines bank regulators set for small business lending by financial institutions to ensure that capital is available without undue barriers while maintaining the integrity of the financial institutions.	na	na
<b>SBA05 Manage the Microloan Program to Increase Loans for Small Business</b> Allowing SBA to guarantee loans made by banks to nonprofit intermediaries, who could, in turn, make small loans to low-income individuals, women, minorities and other small businesses unable to obtain credit through traditional lending sources would increase private sector participation and lessen administrative burdens linked to direct government lending.	na	na
<b>SBA06 Establish User Fees for Small Business Development Center Services</b> Authorize Small Business Development Centers to charge a nominal fee for their services to reduce federal outlays and require the direct beneficiaries of the assistance to pay a share of the cost.	0.0	102.0
<b>SBA07 Distribute SBA Staff Based on Workload and Administrative Efficiency</b> Reallocating staff based on administrative efficiency and objective workload measures to allow the SBA to better serve its customers by shifting resources from its central and regional offices into its district offices.	na	na
<b>SBA08 Improve Federal Data on Small Businesses</b> The quality of information made available to shape federal legislative and regulatory actions affecting small and large businesses will be increased if federal household and employer surveys include a "size of firm" question.	na	na

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Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>DEPARTMENT OF STATE/U.S. INFORMATION AGENCY</b>		
<b>DOS01 Expand the Authority of Chiefs of Mission Overseas</b> This recommendation proposes a pilot program to expand the management authority of Chiefs of Mission overseas in the allocation of fiscal and staffing resources.	cbe	cbe
<b>DOS02 Integrate the Foreign Affairs Resource Management Process</b> NPR recommends specific reforms of the interagency foreign policy resource management process to improve coordination. The recommendation also covers specific improvements within the Department of State.	na	na
<b>DOS03 Improve State Department Efforts to Promote U.S. Business Overseas</b> International trade is an important responsibility of U.S. missions overseas in the post-Cold War world. This recommendation outlines several improvements that can be made in State Department efforts in this area.	cbe	cbe
<b>DOS04 Provide Leadership in the Department's Information Management</b> The Department of State should make significant changes in the way it manages information technology policy. Several improvements are recommended.	cbe	cbe
<b>DOS05 Reduce Mission Operating Costs</b> Several recommendations are made for reducing U.S. costs to operate missions overseas, including eliminating certain facilities, reducing security costs and considering altogether new forms of overseas representation.	-57.8	0.0
<b>DOS06 Consolidate U.S. Nonmilitary International Broadcasting</b> This recommendation supports the Administration's decision to consolidate U.S. international broadcasting under USIA and outlines ways of extending the benefits of this change.	na	na
<b>DOS07 Relocate the Mexico City Regional Administrative Management Center</b> NPR recommends moving this administrative support office to the U.S. to save money and recommends examining the need for similar offices now in Paris and Bangkok.	-0.1	0.0
<b>DOS08 Improve the Collection of Receivables</b> The State Department should do a better job collecting debts, such as medical expenses and others, owed to the department.	-9.8	0.0
<b>DOS09 Change UN Administrative and Assessment Procedures</b> This recommendation outlines several changes in the U.S.'s fiscal relationship with the United Nations, including recommending an oversight office for the organization and tax law changes to reduce costs to the federal government.	-36.2	0.0
<b>DEPARTMENT OF TRANSPORTATION</b>		
<b>DOT01 Measure Transportation Safety</b> NPR recommends the development of common, government-wide measures of transportation safety.	na	na
<b>DOT02 Streamline the Enforcement Process</b> NPR recommends pilot programs in the U.S. Coast Guard, the Federal Aviation Administration, and the Federal Highway Administration, designed to offer greater flexibility in enforcement methods.	cbe	cbe
<b>DOT03 Use a Consensus-Building Approach to Expedite Transportation and Environmental Decisionmaking</b> DOT should conduct two demonstration projects to apply a problem-solving approach to transportation planning, development and decisionmaking as a means of reducing costs and improving the efficiency of agency decisionmaking.	na	na
<b>DOT04 Establish a Corporation to Provide Air Traffic Control Services</b> NPR recommends development of a detailed action plan and statutory language for changes in air traffic control management to make it more business-like.	0.0	0.0

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FROM RED TAPE TO RESULTS • CREATING A GOVERNMENT THAT WORKS BETTER & COSTS LESS

Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>DOT05 Permit States to Use Federal Aid as a Capital Reserve</b> This recommendation would allow federal transportation grant recipients to use grant funds capital reserve to back debt financing to construct eligible transportation projects.	na	na
<b>DOT06 Encourage Innovations in Automotive Safety</b> NPR recommends allowing the National Highway Traffic Safety Administration to grant more exemptions from highway safety standards to develop new safety systems.	na	na
<b>DOT07 Examine User Fees for International Over-Flights</b> DOT should conduct a cost allocation study to determine whether foreign air carriers passing over U.S. air space are paying their fair share and whether direct user fees should be imposed.	0.0	9.0
<b>DOT08 Increase FAA Fees for Inspection of Foreign Repair Facilities</b> To ensure full cost recovery, increase the fees charged for certification and surveillance of foreign aircraft repair stations.	0.0	8.0
<b>DOT09 Contract for Level I Air Traffic Control Towers</b> NPR recommends converting 99 Level I (low-use) air control towers to contract operation and reviewing the remaining Level I towers for possible decommissioning.	-3.1	0.0
<b>DOT10 Establish an Aeronautical Telecommunications Network to Develop a Public-Private Consortium</b> FAA should pursue the creation of a public-private consortium under a cooperative agreement with industry to develop an Aeronautical Telecommunications Network.	na	na
<b>DOT11 Improve Intermodal Transportation Policy Coordination and Management</b> DOT should institute a strategic planning process to promulgate national, integrated transportation policies.	na	na
<b>DOT12 Develop an Integrated National Transportation Research and Development Plan</b> DOT should examine the nation's transportation-related research and development portfolio and develop an integrated national transportation plan that considers specific transportation research needs as well as intermodal transportation plans.	na	na
<b>DOT13 Create and Evaluate Telecommuting Programs</b> DOT should implement a telecommuting plan within the agency and should evaluate transportation-related behavior and other topics requiring research in this area.	na	na
<b>DOT14 Improve DOT Information Technology Management</b> The department should develop an information management strategy which will enable the sharing of data among its component agencies and reduce costs.	-224.5	0.0
<b>DOT15 Provide Reemployment Rights for Merchant Mariners</b> Guarantee reemployment rights to U.S. seafarers at their private sector jobs if called to serve during a war or national emergency.	na	na
<b>DOT16 Establish an Independent Commission to Review U.S. Maritime Industry</b> NPR recommends a detailed examination of the future of the maritime industry in the U.S. and the benefits derived by the taxpayers from maritime industry subsidies and related issues.	na	na
<b>DOT17 Eliminate Funding for Highway Demonstration Projects</b> Rescind funding for existing highway demonstration projects. These demonstration projects should compete at the state level for the limited highway resources available and not be singled out for special treatment at the federal level.	-7,853.0	0.0
<b>DOT18 Reduce Spending for the U.S. Merchant Marine Academy</b> As an economy measure, federal funding for the U.S. Merchant Marine Academy should be cut by half. The Academy should be given the ability to charge tuition to cover a portion of its operations.	-45.16	0.0
<b>DOT19 Rescind Unobligated Earmarks for the FTA New Starts and Bus Program</b> Rescind unobligated balances for fiscal year 1992 and prior earmarked funding under this FTA program that remain unobligated after three years.	-131.5	0.0

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Recommendation		Fiscal Impact, 1994-99 (Millions of Dollars)	
		Change in Spending	Change in Receipts
* DOT20	<b>Reduce the Annual Essential Air Service Subsidies</b> This recommendation would set new, more restrictive criteria for small airports to qualify for essential air service subsidies.	-65.0	0.0
* DOT21	<b>Terminate Grant Funding for Federal Aviation Administration Higher Education Programs</b> To reduce costs, eliminate federal grant funding of two FAA post-secondary education programs.	-45.4	0.0
DOT22	<b>Assign Office of Motor Carriers (OMC) Field Staff to Improve Program Effectiveness and Reduce Costs</b> OMC should develop a resource allocation model so that regional managers will be able to optimize geographic assignment of staff, schedule carrier reviews in an efficient manner, and eliminate unnecessary travel requirements.	cbe	cbe
DOT23	<b>Automate Administrative Requirements for Federal Aid Highway Projects</b> NPR recommends improvements in the flow of information on Federal Aid Highway projects that will reduce paperwork and reduce staff time in completing certain forms and other current requirements.	na	na
<b>DEPARTMENT OF TREASURY/RESOLUTION TRUST CORPORATION</b>			
TRE01	<b>Improve the Coordination and Structure of Federal Law Enforcement Agencies*</b> NPR recommends the designation of the Attorney General as the Director of Law Enforcement to coordinate federal law enforcement efforts. It also recommends changes in the alignment of federal law enforcement responsibilities.	\$-92.9	\$0.0
* TRE02	<b>Improve Border Management*</b> Federal border management should be significantly improved. NPR recommends a series of actions to be taken by Customs and INS to make these improvements.	cbe	cbe
TRE03	<b>Redirect and Better Coordinate Resources Dedicated to the Interdiction of Drugs*</b> This recommendation outlines changes that can be made to better coordinate federal programs directed at the air interdiction of drugs.	-186.6	0.0
TRE04	<b>Foster Federal-State Cooperative Initiatives by the IRS</b> Cooperative relationships between the IRS and state tax administrations, including joint filing of data, should improve taxpayer service as well as collection activity while reducing costs.	cbe	cbe
* TRE05	<b>Simplify Employer Wage Reporting</b> The administrative burden caused by our current employer wage-reporting requirements could be reduced while maintaining or improving the effectiveness of government operations by developing and implementing a simplified wage reporting system.	cbe	cbe
* TRE06	<b>Establish Federal Firearms License User Fees to Cover Costs</b> The current fee for a retail dealer's firearms license (authorized in 1968) does not cover the cost of license processing and is low enough to encourage applications from individuals wishing to occasionally purchase firearms at reduced cost. Increased fees would recover the cost of operating the firearms program.	0.0	132.5
TRE07	<b>Improve the Management of Federal Assets Targeted for Disposition*</b> Improvements are needed in the methods by which the federal government disposes of various assets.	cbe	cbe
TRE08	<b>Reduce the Duplication of Drug Intelligence Systems and Improve Computer Security*</b> NPR recommends several changes to eliminate duplication in the federal drug intelligence system.	na	na
TRE09	<b>Modernize the IRS</b> The IRS Tax System Modernization (TSM) initiative, currently in its initial stages, would ease taxpayer burdens due to manual return processing and inaccessible information, and enable IRS to provide a level of service comparable to private sector financial institutions.	cbe	cbe

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Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
<b>TRE10 Modernize the U.S. Customs Service</b> NPR recommends a number of changes in Customs' organization and management processes to provide an improved management structure and strategic vision.	0.0	450.0
<b>TRE11 Ensure the Efficient Merger of Resolution Trust Corporation into the FDIC</b> The merger of the RTC and the FDIC should ensure the transfer of RTC expertise not currently held by the FDIC in order to provide the most efficient administration of these asset-disposition functions.	na	na
<b>TRE12 Reduce the Duplication of Law Enforcement Training Facilities*</b> Overlap and duplication in the provision of federal law enforcement training facilities should be examined. Multi-agency training needs should be accommodated through existing facilities in lieu of the construction of new facilities by individual agencies.	cbe	cbe
<b>TRE13 Streamline Background Investigations for Federal Employees*</b> The current method of completing background examinations of federal employees is time-consuming and inefficient. This recommendation outlines improvements to streamline the process without sacrificing thoroughness.	cbe	cbe
<b>TRE14 Adjust Civil Monetary Penalties to the Inflation Index*</b> Civil monetary penalties have not been adjusted to keep up with inflation. Under this recommendation, a "catch-up" adjustment would be made and the need for additional inflation adjustments would be automatically reassessed by the government every four years.	0.0	126.0
<b>TRE15 Increase IRS Collections Through Better Compliance Efforts</b> NPR supports the current efforts of the IRS under Compliance 2000 to improve voluntary compliance and other efforts to collect taxes already owed to the federal government.	cbe	cbe
<b>TRE16 Improve Agency Compliance with Employment Tax Reporting Requirements</b> Many federal agencies do not fully comply with federal tax reporting requirements. Responsibilities for compliance should be more fully communicated and enforced.	cbe	cbe
<b>TRE17 Authorize Federal Tax Payment by Credit Card</b> Legislation should be enacted to allow certain taxpayers to make tax payments with a credit card.	cbe	cbe
<b>TRE18 Modernize the Financial Management Systems</b> NPR recommends several changes to improve financial management with Treasury, including consolidation of some operations, the improved use of technology, and other actions.	-41.1	0.0
<b>TRE19 Repeal Section 5010 of the Internal Revenue Code to Eliminate Tax Credits for Wine and Flavors</b> The wine and flavors tax credit should be repealed.	0.0	500.0
<b>TRE20 Amend or Repeal Section 5121 of the Internal Revenue Code Requiring Special Occupational Taxes on Retail Alcohol Dealers</b> This recommendation would increase federal income from alcohol dealers.	0.0	45.0
<b>DEPARTMENT OF VETERANS AFFAIRS</b>		
<b>DVA01 Develop the Master Veteran Record and Modernize the Department's Information Infrastructure</b> Creation of a master veteran record for all VA programs and the improvements in the department's information technology will improve services to veterans and their families.	na	na
<b>DVA02 Modernize Benefits Claims Processing</b> Modernization of the VA benefits claims processing system will improve the quality of service and save taxpayer dollars over time.	na	na

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Recommendation	Fiscal Impact, 1994-99 (Millions of Dollars)	
	Change in Spending	Change in Receipts
* DVA03 <b>Eliminate Legislative Budget Constraints to Promote Management Effectiveness</b> VA is covered by a number of special legislative requirements, including employment "floors" for certain programs. Reducing or eliminating some of these controls can reduce costs and improve service without sacrificing accountability.	cbe	cbe
DVA04 <b>Streamline Benefits Claims Processing</b> VA should examine the usefulness of a New York Regional Office approach to benefits claims processing that promises to streamline the process. It should also examine regional staffing.	1.8	0.0
DVA05 <b>Consolidate Department of Defense and Department of Veterans Affairs Compensation and Retired Pay Programs</b> DOD and VA should create a task force to jointly examine their disability compensation adjudication and disbursement processes.	cbe	cbe
DVA06 <b>Enhance VA Cost Recovery Capabilities</b> Revise VA policy to use a portion of cost recovery funds to defray debt collection costs and expand recoveries to save money.	0.0	486.5
DVA07 <b>Establish a Working Capital Fund</b> This recommendation would allow creation of a working capital fund using existing resources in the department to be used for certain selected needs.	na	na
DVA08 <b>Decentralize Decisionmaking Authority to Promote Management Effectiveness</b> NPR recommends that VA headquarters and field management work together to improve agency decisionmaking, including the delegation of some decisionmaking to field activity directors.	na	na
DVA09 <b>Establish a Comprehensive Resource Allocation Program</b> VA should design and develop a comprehensive, departmentwide, performance and needs-based resource allocation program to replace current approaches.	na	na
DVA10 <b>Serve Veterans and Their Families as Customers</b> This recommendation outlines several approaches for VA to improve its focus on veterans and their families as customers.	na	na
* DVA11 <b>Phase-Out and Close Supply Depots</b> VA should convert its existing centralized depot storage and distribution program to a commercial just-in-time delivery system and close unneeded supply depots.	-168.0	0.0
DVA12 <b>Improve Business Practices through Electronic Commerce</b> VA should expand its use of electronic media to reduce paperwork and save money. It should seek to make greater use of electronic funds transfer of compensation and pension benefits.	-124.1	0.0
DVA13 <b>Eliminate "Sunset" Dates in the Omnibus Budget Reconciliation Act of 1990</b> To achieve cost savings, extend certain cost savings measures that are due to expire in 1998.	-704.8	490.0
DVA14 <b>Raise the Fees for Veterans Affairs' Guaranteed Home Loans</b> As a cost savings measure, loan fees on veterans loans should be raised above the levels set in the Omnibus Budget Reconciliation Act of 1994.	-811.4	0.0
DVA15 <b>Restructure the Veterans Affairs' Health Care System</b> VA should reexamine its role and delivery structure after the issuance of the report of the President's National Health Care Reform Task Force and take actions to restructure the VA health care system.	0.0	0.0
DVA16 <b>Recover Administrative Costs of Veterans' Insurance Program from Premiums and Dividends</b> VA should be permitted to recover certain insurance program costs from insurance trust fund surpluses.	0.0	0.0
<b>Grand Total</b>	<b>\$29,448.6</b>	<b>\$8,256.0</b>

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## *Recommendations*

### **CREATING QUALITY LEADERSHIP AND MANAGEMENT**

- QUAL01 PROVIDE IMPROVED LEADERSHIP AND MANAGEMENT OF THE EXECUTIVE BRANCH**  
The President should define a vision for the management of the government in the 21st century. To act on this vision, he should direct department and agency heads to designate chief operating officers and he should establish a President's Management Council, comprised of the chief operating officers, to oversee the implementation of NPR's recommendations.
- QUAL02 IMPROVE GOVERNMENT PERFORMANCE THROUGH STRATEGIC AND QUALITY MANAGEMENT**  
Encourage all department and agency heads to lead and manage in accordance with the criteria in the Presidential Award for Quality. To begin this culture change, all executive branch employees—starting with the President and Cabinet—should attend appropriate educational sessions on strategic and quality management.
- QUAL03 STRENGTHEN THE CORPS OF SENIOR LEADERS**  
Develop guidance to be used to determine the qualifications needed for selected senior political appointee positions, and provide adequate orientations for individuals upon their appointment.
- QUAL04 IMPROVE LEGISLATIVE-EXECUTIVE BRANCH RELATIONSHIP**  
Improve communications between the executive branch, members of Congress, and congressional staff on key issues during and after program and policy development and implementation. Develop an agreed-upon approach for dealing with management failures, crises, and chronic program difficulties.

### **STREAMLINING MANAGEMENT CONTROL**

- SMC01 IMPLEMENT A SYSTEMS DESIGN APPROACH TO MANAGEMENT CONTROL**  
Redesign the existing collection of management control mechanisms for the executive branch, using a systems design approach, in order to create a well managed and cost-effective system.
- SMC02 STREAMLINE THE INTERNAL CONTROLS PROGRAM TO MAKE IT AN EFFICIENT AND EFFECTIVE MANAGEMENT TOOL**  
Rescind the current set of Internal Control Guidelines and replace them with a broader handbook on management controls.
- SMC03 CHANGE THE FOCUS OF THE INSPECTORS GENERAL**  
Change the focus of Inspectors General from compliance auditing to evaluating management control systems. In addition, recast the IGs method of operation to be more collaborative and less adversarial.
- SMC04 INCREASE THE EFFECTIVENESS OF OFFICES OF GENERAL COUNSEL**  
Define clearly the clients of agency General Counsel offices as agency line managers. Train staff attorneys to understand the cultural changes they will need to undertake to operate in an environment where program results are important. Develop performance measures and "feedback loops" to ensure close cooperation with line managers.
- SMC05 IMPROVE THE EFFECTIVENESS OF THE GENERAL ACCOUNTING OFFICE THROUGH INCREASED CUSTOMER FEEDBACK**  
Improve GAO's documentation of best practices and the use of feedback loops on its performance.
- SMC06 REDUCE THE BURDEN OF CONGRESSIONALLY MANDATED REPORTS**  
Eliminate at least 50 percent of all congressionally mandated reports. Review new reporting requirements for management impact, and include a sunset provision.
- SMC07 REDUCE INTERNAL REGULATIONS BY MORE THAN 50 PERCENT**  
Direct department secretaries and agency heads to reduce by at least 50 percent the number of internal regulations, and the number of pages of regulations, within 3 years.
- SMC08 EXPAND THE USE OF WAIVERS TO ENCOURAGE INNOVATION**  
Establish a process for obtaining waivers from federal regulations and identifying those regulations for which this process should apply.

### **TRANSFORMING ORGANIZATIONAL STRUCTURES**

- ORG01 REDUCE THE COSTS AND NUMBERS OF POSITIONS ASSOCIATED WITH MANAGEMENT CONTROL STRUCTURES BY HALF**  
Cut management control positions over the next 5 years. Reinvest some of the savings in benchmarking, training, and investments in new technology. In addition to separation incentives (see HRM14), provide outplacement services to affected staff.
- ORG02 USE MULTI-YEAR PERFORMANCE AGREEMENTS BETWEEN THE PRESIDENT AND AGENCY HEADS TO GUIDE DOWNSIZING STRATEGIES**  
Performance agreements with agency heads (see BGT01) should be used to identify progress toward agreed upon downsizing goals—not central management agency controls such as across-the-board cuts or ceilings on employment. In exchange, agencies will be supported with increased management flexibilities.
- ORG03 ESTABLISH A LIST OF SPECIFIC FIELD OFFICES TO BE CLOSED**  
Within 18 months, the President's Management Council should submit a list to Congress of civilian field offices that should be closed.

## Recommendations

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- ORG04 THE PRESIDENT SHOULD REQUEST AUTHORITY TO REORGANIZE AGENCIES  
Congress should restore to the President the authority to restructure the executive branch.
- ORG05 SPONSOR THREE OR MORE CROSS-DEPARTMENTAL INITIATIVES ADDRESSING COMMON ISSUES OR CUSTOMERS  
The President's Management Council should identify and sponsor three or more cross-departmental initiatives in areas such as illegal immigration, debt collection, and the problems of the homeless.
- ORG06 IDENTIFY AND CHANGE LEGISLATIVE BARRIERS TO CROSS-ORGANIZATIONAL COOPERATION  
As cross-organizational collaborations become an integral part of government operations, barriers to ready collaboration and funding should be removed.

### IMPROVING CUSTOMER SERVICES

- ICS01 CREATE CUSTOMER-DRIVEN PROGRAMS IN ALL DEPARTMENTS AND AGENCIES THAT PROVIDE SERVICES DIRECTLY TO THE PUBLIC  
Establish an overall policy for quality of federal services delivered to the public and initiate customer service programs in all agencies that provide services directly to the public.
- ICS02 CUSTOMER SERVICE PERFORMANCE STANDARDS—INTERNAL REVENUE SERVICE  
As part of its participation in the NPR, the Internal Revenue Service is publishing customer service performance standards. To speed the delivery of taxpayer refunds, the Secretary of the Treasury should delegate disbursing authority to IRS in 1993 and future tax seasons.
- ICS03 CUSTOMER SERVICE PERFORMANCE STANDARDS—SOCIAL SECURITY ADMINISTRATION  
As part of its participation in the NPR, the Social Security Administration is publishing customer service performance standards. SSA will also obtain customer opinions on all the goals and objectives of their strategic plan, using that input to revise the goals and objectives as needed, set priorities, and establish interim objectives.
- ICS04 CUSTOMER SERVICE PERFORMANCE STANDARDS—POSTAL SERVICE  
As part of its participation in the NPR, the U.S. Postal Service will expand its plans to display customer service standards in Post Office retail lobbies.
- ICS05 STREAMLINE WAYS TO COLLECT CUSTOMER SATISFACTION AND OTHER INFORMATION FROM THE PUBLIC  
For voluntary information collection requests directed at customers, OMB will delegate authority to approve such requests if departments certify that they will fully comply with Paperwork Reduction Act requirements. OMB will also clarify rules on the use of focus groups and streamline renewals of previously approved survey requests.

### MISSION-DRIVEN, RESULTS-ORIENTED BUDGETING

- BGT01 DEVELOP PERFORMANCE AGREEMENTS WITH SENIOR POLITICAL LEADERSHIP THAT REFLECT ORGANIZATIONAL AND POLICY GOALS  
The President should develop performance agreements with agency heads, starting with the top two dozen. Agency heads should also use performance agreements within their agency to forge an effective team committed to achieving organizational goals and objectives.
- BGT02 EFFECTIVELY IMPLEMENT THE GOVERNMENT PERFORMANCE AND RESULTS ACT OF 1993  
Accelerate planning and measurement efforts to improve performance in every federal program and agency. Designate as pilots under the act several multi-agency efforts that have related programs and functions. Develop common measures and data collection efforts for cross-cutting issues. Clarify the goals and objectives of federal programs. Incorporate performance objectives and results as key elements in budget and management reviews.
- BGT03 EMPOWER MANAGERS TO PERFORM  
Restructure appropriations accounts to reduce overitemization and to align them with programs. Ensure that direct operating costs can be identified. Reduce overly detailed restrictions and earmarks in appropriations and report language. Simplify the apportionment process. Reduce the excessive administrative subdivision of funds in financial operating plans.
- BGT04 ELIMINATE EMPLOYMENT CEILINGS AND FLOORS BY MANAGING WITHIN BUDGET  
Budget and manage on the basis of operating costs rather than full-time equivalents or employment ceilings. Request Congress to remove FTE floors.
- BGT05 PROVIDE LINE MANAGERS WITH GREATER FLEXIBILITY TO ACHIEVE RESULTS  
Identify those appropriations that should be converted to multi- or no-year status. Permit agencies to roll over 50 percent of their unobligated year-end balances in annual operating costs to the next year. Expedite reprogramming of funds within agencies.

## *Recommendations*

- BGT06 STREAMLINE BUDGET DEVELOPMENT**  
Begin the President's budget formulation process with a mission-driven Executive Budget Resolution process that will replace hierarchical budget development, delegate more decision making to agency heads, and promote a collaborative approach to crosscutting issues. In the process, eliminate multiple requirements for detailed budget justification materials. Negotiate a reduction in the detailed budget justification provided to Congress.
- BGT07 INSTITUTE BIENNIAL BUDGETS AND APPROPRIATIONS**  
Submit a legislative proposal to move from an annual to a biennial budget submission by the President. Establish biennial budget resolution and biennial appropriation processes. Evaluate program effectiveness and refine performance measures in the off-year.
- BGT08 SEEK ENACTMENT OF EXPEDITED RESCISSION PROCEDURES**  
Pursue negotiations with the leadership of the House and Senate to gain enactment of expedited rescission authority.

### **IMPROVING FINANCIAL MANAGEMENT**

- FM01 ACCELERATE THE ISSUANCE OF FEDERAL ACCOUNTING STANDARDS**  
Issue a comprehensive set of federal financial accounting standards within 18 months. If all standards are not issued under the present advisory board structure, create an independent federal financial accounting standards board.
- FM02 CLARIFY AND STRENGTHEN THE FINANCIAL MANAGEMENT ROLES OF OMB AND TREASURY**  
Develop a Memorandum of Understanding to clarify the roles of OMB and Treasury in financial management. Create a governmentwide budget and financial information steering group to develop and provide guidance in implementing an integrated budget and financial information strategic plan. Shift review of Financial Management Service budget to the OMB Deputy Director for Management.
- FM03 FULLY INTEGRATE BUDGET, FINANCIAL AND PROGRAM INFORMATION**  
Ensure that agency financial systems are in compliance with a revised OMB Circular A-127, "Financial Management Systems," by September 1996. Provide interagency funding for the joint development of financial systems.
- FM04 INCREASE THE USE OF TECHNOLOGY TO STREAMLINE FINANCIAL SERVICES**  
Use electronic funds transfer to pay and reimburse expenses for all federal employees, to handle all interagency payments, to make payments to state and local governments, and to pay for purchases from the private sector. Similarly, all payments to individuals should be done electronically.
- FM05 USE THE CHIEF FINANCIAL OFFICERS (CFO) ACT TO IMPROVE FINANCIAL SERVICES**  
Identify the set of financial management functions which should report to agency CFOs, and ensure that all financial management personnel are fully-qualified when hired. Ensure that information being collected, disseminated, and reported on is useful, objective, timely, and accurate for the benefit of program managers.
- FM06 "FRANCHISE" INTERNAL SERVICES**  
The President's Management Council should encourage agencies to purchase common administrative services, such as payroll, computer support, or procurement, competitively from other federal agencies that may be more responsive or offer better prices.
- FM07 CREATE INNOVATION FUNDS**  
Allow agencies to create innovation capital funds from retained savings to invest in innovations that can improve service and provide a return on investment.
- FM08 REDUCE FINANCIAL REGULATIONS AND REQUIREMENTS**  
Eliminate timesheets and timecards and use technology to enter payroll data only on an exception basis. Allow use of commercial checking accounts instead of third-party accounts. Create a threshold below which it is not cost effective to resolve audit findings.
- FM09 SIMPLIFY THE FINANCIAL REPORTING PROCESS**  
Grant OMB the flexibility to consolidate and simplify over a dozen related statutory reports to Congress and the President. Require agency heads to provide two reports annually, a planning report and an accountability report. Ensure that any future financial management reporting requirements can be addressed in either the planning or accountability reports.
- FM10 PROVIDE AN ANNUAL FINANCIAL REPORT TO THE PUBLIC**  
Provide a simplified version of a consolidated report on the finances of the federal government for distribution to the taxpayers by June 1995. Develop a method of identifying and budgeting for the expected costs of contingent liabilities of the Federal Government.
- FM11 STRENGTHEN DEBT COLLECTION PROGRAMS**  
Propose legislation to allow debt collection activities to be funded by the revenues generated from collections and to allow the agencies to keep a certain percentage of any increased collection amounts. Propose legislation to lift restrictions on the use of private collection, and expand agency litigation authority for debt collection through the designation of special assistant U.S. Attorneys.

## Recommendations

- FM12 **MANAGE FIXED ASSET INVESTMENTS FOR THE LONG TERM**  
Establish a long-term fixed asset planning and analysis process, and incorporate it into the federal budget process. Ensure there is no bias in the budget against long-term investments.
- FM13 **CHARGE AGENCIES FOR THE FULL COST OF EMPLOYEE BENEFITS**  
Require all agencies to pay the full accruing cost of Civil Service Retirement and Pensions. OMB and the Office of Personnel Management should also research the possibility of charging agencies for civilian retiree health benefits.

### REINVENTING HUMAN RESOURCE MANAGEMENT

- HRM01 **CREATE A FLEXIBLE AND RESPONSIVE HIRING SYSTEM**  
Authorize agencies to establish their own recruitment and examining programs. Abolish centralized registers and standard application forms. Allow federal departments and agencies to determine that recruitment shortages exist and directly hire candidates without ranking. Reduce the types of competitive service appointments to 3. Abolish the time-in-grade requirement.
- HRM02 **REFORM THE GENERAL SCHEDULE CLASSIFICATION AND BASIC PAY SYSTEM**  
Remove all grade-level classification criteria from the law. Provide agencies with flexibility to establish broadbanding systems built upon the General Schedule framework.
- HRM03 **AUTHORIZE AGENCIES TO DEVELOP PROGRAMS FOR IMPROVEMENT OF INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE**  
Authorize agencies to design their own performance management programs which define and measure success based on each agency's unique needs.
- HRM04 **AUTHORIZE AGENCIES TO DEVELOP INCENTIVE AWARD AND BONUS SYSTEMS TO IMPROVE INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE**  
Authorize agencies to develop their own incentive award and bonus systems. Encourage agencies to establish productivity gainsharing programs to support their reinvention and change efforts.
- HRM05 **STRENGTHEN SYSTEMS TO SUPPORT MANAGEMENT IN DEALING WITH POOR PERFORMERS**  
Develop a culture of performance which provides supervisors with the skills, knowledge, and support they need to deal with poor performers, and holds supervisors accountable for effectively managing their human resources. Reduce by half the time needed to terminate federal employees for cause.
- \* HRM06 **CLEARLY DEFINE THE OBJECTIVE OF TRAINING AS THE IMPROVEMENT OF INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE; MAKE TRAINING MORE MARKET-DRIVEN**  
Reduce restrictions on training to allow managers to focus on organizational mission and to take advantage of the available training marketplace.
- HRM07 **ENHANCE PROGRAMS TO PROVIDE FAMILY-FRIENDLY WORKPLACES**  
Implement family-friendly workplace practices (flex-time, flexiplace, job sharing, telecommuting) while ensuring accountability for customer service. Provide telecommunications and administrative support necessary for employees participating in flexiplace and telecommuting work arrangements. Expand the authority to establish and fund dependent care programs. Allow employees to use sick leave to care for dependents. Allow employees who leave and then re-enter federal service to be given credit for prior sick leave balances.
- HRM08 **IMPROVE PROCESSES AND PROCEDURES ESTABLISHED TO PROVIDE WORKPLACE DUE PROCESS FOR EMPLOYEES**  
Eliminate jurisdictional overlaps. All agencies should establish alternative dispute resolution methods and options for the informal disposition of employment disputes.
- HRM09 **IMPROVE ACCOUNTABILITY FOR EQUAL OPPORTUNITY GOALS AND ACCOMPLISHMENTS**  
Charge all federal agency heads with the responsibility for ensuring equal opportunity and increasing representation of qualified women, minorities, and persons with disabilities into all levels and job categories, including middle and senior management positions.
- HRM10 **IMPROVE INTERAGENCY COLLABORATION AND CROSS TRAINING FOR HUMAN RESOURCE PROFESSIONALS**  
Establish an Interagency Equal Employment Opportunity and Affirmative Employment Steering Group under the joint chair of the Equal Employment Opportunity Commission and the Office of Personnel Management. Require appropriate cross training for human resource management professionals.
- HRM11 **STRENGTHEN THE SENIOR EXECUTIVE SERVICE SO THAT IT BECOMES A KEY ELEMENT IN THE GOVERNMENTWIDE CULTURE CHANGE EFFORT**  
Create and reinforce a corporate perspective within the Senior Executive Service that supports governmentwide culture change. Promote a corporate succession planning model to use to select and develop senior staff. Enhance voluntary mobility within and between agencies for top senior executive positions in government.

## Recommendations

- HRM12 **ELIMINATE EXCESSIVE RED TAPE AND AUTOMATE FUNCTIONS AND INFORMATION**  
Phase out the entire 10,000 page Federal Personnel Manual (FPM) and all agency implementing directives by December 1994. Replace the FPM and agency directives with automated personnel processes, electronic decision support systems and "manuals" tailored to user needs.
- HRM13 **FORM LABOR-MANAGEMENT PARTNERSHIPS FOR SUCCESS**  
Identify labor-management partnerships as a goal of the executive branch and establish the National Partnership Council.
- \* HRM14 **PROVIDE INCENTIVES TO ENCOURAGE VOLUNTARY SEPARATIONS**  
Provide departments and agencies with the authority to offer separation pay. Decentralize the authority to approve early retirement. Authorize departments and agencies to fund job search activities and retraining of employees scheduled to be displaced. Limit annual leave accumulation by senior executives to 240 hours.
- REINVENTING FEDERAL PROCUREMENT**
- PROC01 **REFRAME ACQUISITION POLICY**  
Convert the 1,600 pages of the Federal Acquisition Regulation from a set of rigid rules to a set of guiding principles.
- PROC02 **BUILD AN INNOVATIVE PROCUREMENT WORKFORCE**  
Establish an interagency program to improve the governmentwide procurement workforce. Provide civilian agencies with authority for improving the acquisition workforce similar to that of the Defense Department's.
- PROC03 **ENCOURAGE MORE PROCUREMENT INNOVATION**  
Provide new legislative authority to test innovative procurement methods. Establish a mechanism to disseminate information governmentwide on innovative procurement ideas.
- \* PROC04 **ESTABLISH NEW SIMPLIFIED ACQUISITION THRESHOLD AND PROCEDURES**  
Enact legislation to simplify small purchases by raising the threshold for the use of simplified acquisition procedures from \$25,000 to \$100,000 and raise the various thresholds for the application of over a dozen other statutory requirements that similarly complicate the process. To ensure small business participation, establish a single electronic bulletin board capability to provide access to information on contracting opportunities.
- PROC05 **REFORM LABOR LAWS AND TRANSFORM THE LABOR DEPARTMENT INTO AN EFFICIENT PARTNER FOR MEETING PUBLIC POLICY GOALS**  
Enact legislation to simplify acquisition labor laws such as the Davis-Bacon Act, the Copeland Act, and the Service Contract Act. Improve access to wage schedules through an on-line electronic system.
- PROC06 **AMEND PROTEST RULES**  
Change the standard of review at the General Services Board of Contracts Appeals to conform to that used in the relevant courts. Allow penalties for frivolous protests. Allow contract negotiation to continue up to the point of contract award, even though a protest has been filed with the General Services Board of Contract Appeals.
- PROC07 **ENHANCE PROGRAMS FOR SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS CONCERNS**  
Repeal statutory limitations on subcontracting and substitute regulatory limitations to provide greater flexibility. Authorize civilian agencies to establish small disadvantaged business set-asides.
- PROC08 **REFORM INFORMATION TECHNOLOGY PROCUREMENTS**  
Increase the delegation of authority to agencies to purchase information technology. For purchases less than \$500,000 for products, and \$2.5 million for services over the life of a contract, eliminate indepth requirements for analyses of alternatives. Pilot-test alternative ways of buying commercially available information technology items.
- PROC09 **LOWER COSTS AND REDUCE BUREAUCRACY IN SMALL PURCHASES THROUGH THE USE OF PURCHASE CARDS**  
Provide managers with the ability to authorize employees to purchase small dollar value items directly using a government purchase card. Require internal government supply sources to accept this card.
- PROC10 **ENSURE CUSTOMER FOCUS IN PROCUREMENT**  
Revise Procurement Management Reviews to incorporate NPR principles such as "focusing on results" for the line managers.
- PROC11 **IMPROVE PROCUREMENT ETHICS LAWS**  
Create consistency across the government in the application of procurement ethics laws.
- PROC12 **ALLOW FOR EXPANDED CHOICE AND COOPERATION IN THE USE OF SUPPLY SCHEDULES**  
Allow state and local governments, grantees, and certain nonprofit agencies to use federal supply sources. Similarly, allow federal agencies to enter into cooperative agreements to share state and local government supply sources.
- PROC13 **FOSTER RELIANCE ON THE COMMERCIAL MARKETPLACE**  
Change laws to make it easier to buy commercial items. For example, revise the definition of commercial item. Revise governmentwide and agency regulations and procedures which preclude the use of commercial specifications.
- \* PROC14 **EXPAND ELECTRONIC COMMERCE FOR FEDERAL ACQUISITION**  
Establish a governmentwide program to use electronic commerce for federal procurements.

## Recommendations

- PROC15 **ENCOURAGE BEST VALUE PROCUREMENT**  
To recognize other factors besides price, define "best value" and provide regulatory guidance to implement a program for buying on a "best value" basis. Issue guide on the use of "best practices" source selection procedures.
- PROC16 **PROMOTE EXCELLENCE IN VENDOR PERFORMANCE**  
Establish an interagency Excellence in Vendor Performance Forum that would develop policies and techniques to measure contractor performance for use in contract decisions. Establish an award for contractor and government acquisition excellence.
- PROC17 **AUTHORIZE A TWO-PHASE COMPETITIVE SOURCE SELECTION PROCESS**  
Authorize the use of a two-phase selection process for certain types of contracts so that an offeror does not incur a substantial expense in preparing a contract proposal.
- PROC18 **AUTHORIZE MULTIYEAR CONTRACTS**  
Authorize multiyear contracts and allow contracts for severable services to cross fiscal years.
- PROC19 **CONFORM CERTAIN STATUTORY REQUIREMENTS FOR CIVILIAN AGENCIES TO THOSE OF DEFENSE AGENCIES**  
Repeal requirements for commercial pricing certificates and authorize contract awards without discussions, where appropriate. Maintain the \$500,000 threshold for cost and pricing data requirements for the Defense Department and establish the same threshold for civilian agencies.
- PROC20 **STREAMLINE BUYING FOR THE ENVIRONMENT**  
Develop "best practice" guides on buying for the environment. Encourage multiple award schedule contractors to identify environmentally preferable products. Provide energy efficiency information in government catalogs and automated systems.
- REINVENTING SUPPORT SERVICES**
- SUP01 **AUTHORIZE THE EXECUTIVE BRANCH TO ESTABLISH A PRINTING POLICY THAT WILL ELIMINATE THE CURRENT PRINTING MONOPOLY**  
Give the executive branch authority to make its own printing policy that will eliminate the mandatory printing source. Develop a new executive branch printing policy for the 21st century.
- SUP02 **ASSURE PUBLIC ACCESS TO FEDERAL INFORMATION**  
Give the executive branch agencies responsibility for distributing printed federal information to depository libraries. Require agencies to inventory the federal information they hold, and make it accessible to the public.
- SUP03 **IMPROVE DISTRIBUTION SYSTEMS TO REDUCE COSTLY INVENTORIES**  
Permit customer choice in sources of supply. Compare depot distribution costs with commercial distribution systems. Take away the Federal Prison Industries' status as a mandatory source of federal supplies and require it to compete commercially for federal agencies' business. Increase the use of electronic commerce for ordering from depot systems.
- SUP04 **STREAMLINE AND IMPROVE CONTRACTING STRATEGIES FOR THE MULTIPLE AWARD SCHEDULE PROGRAM**  
Eliminate the use of mandatory supply schedules. Make the supply schedule system easier to use by reducing the administrative burden for acquisitions under \$10,000. In addition, eliminate the announcement requirements and raise the maximum order limitations for the purchase of information technology items listed in supply schedules.
- SUP05 **EXPAND AGENCY AUTHORITY AND ELIMINATE CONGRESSIONAL CONTROL OVER FEDERAL VEHICLE FLEET MANAGEMENT**  
Update vehicle replacement standards. Increase emergency repair limits to \$150. Eliminate the monopoly on disposing of agency-owned vehicles.
- SUP06 **GIVE AGENCIES AUTHORITY AND INCENTIVE FOR PERSONAL PROPERTY MANAGEMENT AND DISPOSAL**  
Provide incentives to agencies to dispose of excess personal property. Automate the process and eliminate the monopoly on personal property disposal.
- SUP07 **SIMPLIFY TRAVEL AND INCREASE COMPETITION**  
Increase choices for federal travelers and automate the travel process. Pilot-test a tender system for airfares.
- SUP08 **GIVE CUSTOMERS CHOICES AND CREATE REAL PROPERTY ENTERPRISES THAT PROMOTE SOUND REAL PROPERTY ASSET MANAGEMENT**  
Give agencies greater authority to choose their sources of real property services. Create competitive enterprises within the government to provide real property services on a fee basis, and encourage federal managers to seek the best available source. Create an ownership enterprise for the sound management of federal real property assets. Establish a governmentwide policy for real property asset management. Manage the Federal Buildings Fund in a manner comparable to the commercial sector.
- SUP09 **SIMPLIFY PROCEDURES FOR ACQUIRING SMALL BLOCKS OF SPACE TO HOUSE FEDERAL AGENCIES**  
Simplify the procedures for acquiring small amounts of leased space under 10,000 square feet.

## *Recommendations*

SUP10 ESTABLISH NEW CONTRACTING PROCEDURES FOR THE CONTINUED OCCUPANCY OF LEASED OFFICE SPACE  
Simplify the procedures for renewing leases.

SUP11 REDUCE POSTAGE COSTS THROUGH IMPROVED MAIL MANAGEMENT  
Encourage postage savings through the implementation of mail management initiatives.  
Allow line managers to manage their own postal budgets.

### **REENGINEER THROUGH THE USE OF INFORMATION TECHNOLOGY**

IT01 PROVIDE CLEAR, STRONG LEADERSHIP TO INTEGRATE INFORMATION TECHNOLOGY INTO THE BUSINESS OF GOVERNMENT  
Create a Government Information Technology Services working group to develop a strategic vision for the use of government information technology and to implement NPR's information technology recommendations.

IT02 IMPLEMENT NATIONWIDE, INTEGRATED ELECTRONIC BENEFIT TRANSFER  
Design an integrated implementation plan for the use of electronic benefit transfer for programs such as Food Stamps and for direct payments to individuals without bank accounts.

IT03 DEVELOP INTEGRATED ELECTRONIC ACCESS TO GOVERNMENT INFORMATION AND SERVICE  
Use information technology initiatives to improve customer service by creating a one-stop "800" calling service, integrated one-stop service "kiosks," and a governmentwide electronic bulletin board system.

IT04 ESTABLISH A NATIONAL LAW ENFORCEMENT/PUBLIC SAFETY NETWORK  
Establish a national law enforcement/public safety data network for use by federal, state, and local law enforcement officials.

IT05 PROVIDE INTERGOVERNMENTAL TAX FILING, REPORTING, AND PAYMENTS PROCESSING  
Integrate government financial filings, reporting, and payments processing, and determine ways to eliminate the need for filing routine tax returns.

IT06 ESTABLISH AN INTERNATIONAL TRADE DATA SYSTEM  
Develop and implement a U.S. Government International Trade Data System in the Treasury Department.

IT07 CREATE A NATIONAL ENVIRONMENTAL DATA INDEX  
Organize the implementation of a national environmental data index in the Commerce Department.

IT08 PLAN, DEMONSTRATE, AND PROVIDE GOVERNMENTWIDE ELECTRONIC MAIL  
Improve electronic mail and messaging among federal agencies.

IT09 ESTABLISH AN INFORMATION INFRASTRUCTURE  
Develop a Government Information Infrastructure to use government information resources effectively and support electronic government applications. Consolidate and modernize government data processing centers.

IT10 DEVELOP SYSTEMS AND MECHANISMS TO ENSURE PRIVACY AND SECURITY  
Establish a Privacy Protection Board. Establish uniform privacy protection practices and generally acceptable implementation methods for these practices. Develop a digital signature standard for sensitive, unclassified data by January 1994.

IT11 IMPROVE METHODS OF INFORMATION TECHNOLOGY ACQUISITION  
(see PROC 09, PROC 10, PROC 15, SUP04, and FM06)

IT12 PROVIDE INCENTIVES FOR INNOVATION  
Retain a portion of agency information technology savings to reinvest in information technology. Promote performance-based contracting for information technology. Establish a governmentwide venture capital fund for innovative information technology projects.

IT13 PROVIDE TRAINING AND TECHNICAL ASSISTANCE IN INFORMATION TECHNOLOGY TO FEDERAL EMPLOYEES  
Establish a program to train non-technical senior executives and political appointees in information technology. Require managers of information resources to meet certification standards. Promote collegial assistance in using information technology. Include training costs as part of all information technology purchases.

### **RETHINKING PROGRAM DESIGN**

DES01 ACTIVATE PROGRAM DESIGN AS A FORMAL DISCIPLINE  
The President's Management Council should commission the development of a handbook to help federal managers understand the strengths and weaknesses of various forms of program design.

DES02 ESTABLISH PILOT PROGRAM DESIGN CAPABILITIES IN ONE OR TWO AGENCIES  
Test the usefulness of the program design handbook and the value of program design as a useful discipline.

## Recommendations

- DES03 ENCOURAGE THE STRENGTHENING OF PROGRAM DESIGN IN THE LEGISLATIVE BRANCH  
The President's Management Council should work with congressional support agencies to help them strengthen their program design capacities.
- DES04 COMMISSION PROGRAM DESIGN COURSES  
Develop training courses for managers and policymakers on various program design approaches.
- STRENGTHENING THE PARTNERSHIP IN INTERGOVERNMENTAL SERVICE DELIVERY**
- FSL01 IMPROVE THE DELIVERY OF FEDERAL DOMESTIC GRANT PROGRAMS  
Create flexibility and encourage innovation by designing a bottom-up solution to the problem of grant proliferation and its accompanying red tape. Also, support the pending proposal for Federal-State Flexibility Grants that has been developed by the National Governors Association and the National Conference of State Legislatures. Establish a Cabinet-level Enterprise Board to oversee NEW initiatives in community improvement.
- FSL02 REDUCE RED TAPE THROUGH REGULATORY AND MANDATE RELIEF  
Issue an Executive Order addressing the problems of unfunded federal mandates and regulatory relief and authorize Cabinet Secretaries and agency heads to obtain selective relief from regulations or mandates in programs they oversee.
- FSL03 SIMPLIFY REIMBURSEMENT PROCEDURES FOR ADMINISTRATIVE COSTS OF FEDERAL GRANT DISBURSEMENT  
Modify OMB Circular A-87, "Cost Principles for State and Local Governments," to provide a fixed fee-for-service option in lieu of costly reimbursement procedures covering actual administrative costs of grant disbursement.
- FSL04 ELIMINATE NEEDLESS PAPERWORK BY SIMPLIFYING THE COMPLIANCE CERTIFICATION PROCESS  
Simplify OMB's requirements to prepare multiple grant compliance certifications by allowing state and local governments to submit a single certification to a single point of contact in the federal government.
- FSL05 SIMPLIFY ADMINISTRATION BY MODIFYING THE COMMON GRANT RULES ON SMALL PURCHASES  
Modify OMB Circular A-102, "Grants and Cooperative Agreements to State and Local Governments", to increase the dollar threshold for small purchases by local governments from \$25,000 to \$100,000 (see also PROC04).
- FSL06 STRENGTHEN THE INTERGOVERNMENTAL PARTNERSHIP  
Reinvent the Advisory Commission on Intergovernmental Affairs (ACIR) and charge it with the responsibility for continuous improvement in federal, state and local partnership and intergovernmental service delivery. Direct the ACIR to identify opportunities to improve intergovernmental service delivery and develop a set of benchmarks.
- REINVENTING ENVIRONMENTAL MANAGEMENT**
- ENV01 IMPROVE FEDERAL DECISIONMAKING THROUGH ENVIRONMENTAL COST ACCOUNTING  
Develop demonstration projects to test the applicability of environmental cost accounting. Based on project results, develop guidelines to implement environmental cost accounting throughout the Federal Government. Issue an Executive Order to encourage the use of environmental cost accounting by federal agencies.
- ENV02 DEVELOP CROSS-AGENCY ECOSYSTEM PLANNING AND MANAGEMENT  
Issue an Executive Order to encourage sustainable economic development and ensure sustainable ecosystems through a cross-agency ecosystem management process. Begin phased-in implementation of the policy with selected ecosystem management demonstration projects. Conduct management and budget reviews of the ecosystem management projects as a part of the fiscal year 1995 budget process.
- ENV03 INCREASE ENERGY AND WATER EFFICIENCY  
Issue an Executive Order to address energy efficiency and water conservation issues at federal facilities. Propose legislation to allow the Defense Department to retain savings from water efficiency projects. Develop appropriate mechanisms to allow facilities to retain rebates received from utility companies.
- ENV04 INCREASE ENVIRONMENTALLY AND ECONOMICALLY BENEFICIAL LANDSCAPING  
Issue an Executive Order to require the use of environmentally beneficial landscaping techniques, including increased use of native species and reduced use of water and chemicals, at federal facilities and federally-funded projects, where appropriate.
- IMPROVING REGULATORY SYSTEMS**
- REG01 CREATE AN INTERAGENCY REGULATORY COORDINATING GROUP  
Create an interagency Regulatory Coordinating Group to share information and coordinate approaches to regulatory issues.
- REG02 ENCOURAGE MORE INNOVATIVE APPROACHES TO REGULATION  
Use innovative regulatory approaches and develop a Deskbook on Regulatory Design.
- REG03 ENCOURAGE CONSENSUS-BASED RULEMAKING  
Encourage agencies to use negotiated rulemaking more frequently in developing new rules.

## *Recommendations*

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- REG04 **ENHANCE PUBLIC AWARENESS AND PARTICIPATION**  
Use information technology and other techniques to increase opportunities for early, frequent and interactive public participation during the rulemaking process and to increase program evaluation efforts.
- REG05 **STREAMLINE AGENCY RULEMAKING PROCEDURES**  
Streamline internal agency rulemaking procedures, use "direct final" rulemaking for noncontroversial rules and expedite treatment of rulemaking petitions.
- REG06 **ENCOURAGE ALTERNATIVE DISPUTE RESOLUTION WHEN ENFORCING REGULATIONS**  
Increase the use of alternative means of dispute resolution.
- REG07 **RANK RISKS AND ENGAGE IN "ANTICIPATORY" REGULATORY PLANNING**  
Rank the seriousness of environmental, health or safety risks and develop anticipatory approaches to regulatory problems.
- REG08 **IMPROVE REGULATORY SCIENCE**  
Create science advisory boards for those regulatory agencies that depend heavily on scientific information and judgments.
- REG09 **IMPROVE AGENCY AND CONGRESSIONAL RELATIONSHIPS**  
Encourage agencies to establish technical drafting services for congressional committees and subcommittees.
- REG10 **PROVIDE BETTER TRAINING AND INCENTIVES FOR REGULATORS**  
Establish a basic training program for Presidential appointees assigned to regulatory agencies and expand existing training programs to cover career staff not currently being trained.
- GENERAL SERVICES ADMINISTRATION**
- GSA01 **SEPARATE POLICYMAKING FROM SERVICE DELIVERY AND MAKE THE GENERAL SERVICES ADMINISTRATION (GSA) A FULLY COMPETITIVE, REVENUE-BASED ORGANIZATION**  
Fund GSA service delivery from customer revenues, transfer activities not related to GSA's central mission to other agencies, and allow agencies to choose whether to purchase GSA services.
- OFFICE OF PERSONNEL MANAGEMENT**
- OPM01 **STRENGTHEN THE OFFICE OF PERSONNEL MANAGEMENT'S (OPM) LEADERSHIP ROLE IN TRANSFORMING FEDERAL HUMAN RESOURCE MANAGEMENT SYSTEMS**  
Clearly define OPM's policy, service and leadership role in addressing human resource problems and delegate operational work to the agencies.
- OPM02 **REDEFINE AND RESTRUCTURE OPM'S FUNCTIONAL RESPONSIBILITIES TO FOSTER A CUSTOMER ORIENTATION**  
Restructure and rightsize OPM to enhance and reflect its commitment to addressing its customers' needs.
- OPM03 **CHANGE THE CULTURE OF OPM TO EMPOWER ITS STAFF AND INCREASE ITS CUSTOMER ORIENTATION**  
Use interagency groups to involve OPM's external stakeholders in changing federal human resource systems. Improve OPM's policy-making process through experimental use of negotiated rulemaking ("reg-neg") and broaden the customer focus of OPM and agency personnel specialists.

EXECUTIVE ORDER

- - - - -

REDUCTION OF 252,000 FEDERAL POSITIONS

By the authority vested in me as President of the United States by the Constitution and the laws of the United States of America, including section 301 of title 3, United States Code, section 3301 of title 5, United States Code, and section 1111 of title 31, United States Code, and to reduce 252,000 federal positions, it is hereby ordered as follows:

Section 1. Limits on Hiring Civilian Personnel. Each Executive department and agency shall eliminate not less than 12 percent of its civilian personnel positions (measured on a full time equivalent basis) by the close of fiscal year 1999. This reduction includes the reductions directed in Executive Order No. 12839. The positions shall be vacated through attrition or early out programs established at the discretion of the department and agency heads. These reductions shall be concentrated in areas undergoing reform as a result of adoption of the recommendations of the National Performance Review.

Sec. 2. Coverage. This order applies to all executive branch departments and agencies.

Sec. 3. Target Dates. Each department and agency shall achieve a 4.7 percent reduction by the end of fiscal year 1995, 5.5 percent by the end of fiscal year 1996, 7.0 percent by the end of fiscal year 1997, 9.0 percent by the end of fiscal year 1998, and 12.0 percent by the end of fiscal year 1999. The target dates set forth in Executive Order No. 12839 for fiscal years 1993 and 1994 shall remain in effect.

Sec. 4. Implementation. The Director of the Office of Management and Budget shall issue instructions regarding the implementation of this order, including exemptions necessary for the delivery of essential services and compliance with applicable law.

Sec. 5. Independent Agencies. All independent regulatory

*Real problems  
by this E.O.  
Will be  
rethought  
Big thought  
This  
Order  
negates  
Savings  
Savings*

commissions and agencies are requested to comply with the provisions of this order.

THE WHITE HOUSE,

EXECUTIVE ORDER

- - - - -

ELIMINATION OF ONE-HALF OF EXECUTIVE BRANCH INTERNAL REGULATIONS

By the authority vested in me as President of the United States by the Constitution and the laws of the United States of America, including section 301 of title 3, United States Code, and section 1111 of title 31, United State Code, and to cut 50 percent of the executive branch's internal regulations in order to streamline and improve customer service to the American people, it is hereby ordered as follows:

Section 1. Regulatory Reductions. Each Executive department and agency shall undertake to eliminate not less than 50 percent of its civilian internal management regulations that are not required by law within three years of the effective date of this order. An agency internal management regulation, for the purposes of this order, means an agency directive or regulation that pertains to its organization, management, or personnel matters. Reductions in agency internal management regulations shall be concentrated in areas that will result in the greatest improvement in productivity, streamlining of operations and improvement in customer service.

Sec. 2. Coverage. This order applies to all Executive branch departments and agencies.

Sec. 3. Implementation. The Director of the Office of Management and Budget shall issue instructions regarding the implementation of this order, including exemptions necessary for the delivery of essential services and compliance with applicable law.

Sec. 4. Independent Agencies. All independent regulatory commissions and agencies are requested to comply with the provisions of this order.

THE WHITE HOUSE,

EXECUTIVE ORDER

- - - - -

SETTING CUSTOMER SERVICE STANDARDS

Putting people first means ensuring that the federal government provides the highest quality service possible to the American people. Public officials must embark upon a revolution within the federal government to change the way it does business. This will require continual reform of the Executive Branch's management practices and operations to provide service to the public that matches or exceeds the best service available in the private sector.

NOW, THEREFORE, to establish and implement customer service standards to guide the operations of the Executive Branch, and by the authority vested in me as President by the Constitution and the laws of the United States, it is hereby ordered:

Section 1. Customer Service Standards. In order to carry out the principles of the National Performance Review, the Federal Government must be customer-driven. The standard of quality for services provided to the public shall be: Customer service equal to the best in business. For the purposes of this order, "customer" shall mean an individual or entity who is directly served by a department or agency. "Best in business" shall mean the highest quality of service delivered to customers by private organizations providing a comparable or analogous service.

All Executive departments and agencies (hereinafter referred to collectively as "agency" or "agencies") that provide significant services directly to the public shall provide those services in a manner that seeks to meet the customer service standard established herein and shall take the following actions:

(a) identify the customers who are, or should be, served by the agency;

(b) survey customers to determine the kind and quality of services they want and their level of satisfaction with existing services;

(c) post service standards and measure results against them;

(d) benchmark customer service performance against the best in business;

(e) survey front-line employees on barriers to, and ideas for, matching the best in business;

(f) provide customers with choices in both the sources of service and the means of delivery;

(g) make information, services and complaint systems easily accessible; and

(h) provide means to address customer complaints.

Sec. 2. Report on Customer Service Surveys. By March 8, 1994, each agency subject to this order shall report on its customer surveys to the President. As information about customer satisfaction becomes available, each agency shall use that information in judging the performance of agency management and in making resource allocations.

Sec. 3. Customer Service Plans. By September 8, 1994, each agency subject to this order shall publish a customer service plan that can be readily understood by its customers. The plan shall include customer service standards and describe future plans for customer surveys. It also shall identify the private and public sector standards that the agency used to benchmark its performance against the best in business. In connection with the plan, each agency is encouraged to provide training resources for programs needed by employees who directly serve customers and by managers making use of customer survey information to promote the principles and objectives contained herein.

Sec 4. Independent Agencies. Independent agencies are requested to adhere to this order.

Sec 5. Judicial Review. This order is for the internal management of the Executive Branch and does not create any right

or benefit, substantive or procedural, enforceable by a party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

THE WHITE HOUSE,

*File: National  
Performance  
Review  
(NPR)*

THE WHITE HOUSE  
WASHINGTON

January 10, 1995

MEMORANDUM FOR ELAINE KAMARCK

FROM: Carol H. Rasco *CHR*

SUBJECT: REGO II

The purpose of this memorandum is to advise you of the DPC's desire to engage fully in the REGO II initiative. As you know, Bruce Reed, Bill Galston, Michael Waldman, Paul Weinstein and others on the DPC staff have worked closely in the past with the National Performance Review on policy development and implementation. I want to assure you of the DPC staff's continued commitment to this collaboration. In particular, I would like to have a DPC staff person serve on each REGO II working group.

I will designate the appropriate DPC staff for each working group as soon as a full listing is determined. Thank you for agreeing to come to the DPC staff meeting on Wednesday, January 11 to discuss in further detail the purposes and goals of REGO II.

cc: Jack Quinn



THE VICE PRESIDENT  
WASHINGTON

January 3, 1995

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES  
FROM THE VICE PRESIDENT

SUBJECT: Second Phase of the National Performance Review

The President has announced his proposal for a Middle Class Bill of Rights to help the American people restore the American dream. As part of this effort, he has asked me to lead a second phase of the National Performance Review. This review will examine the basic missions of government, looking at every single government program and agency to find and eliminate things that don't need to be done by the federal government. It will also sort out how best to do the things government should continue to do.

To begin this fundamental rethinking of what the federal government should do and how it should do it, I would like each of you immediately to form a team in your agency to review everything you do, asking:

1. If your agency were eliminated, how would the goals or programs of your agency be undertaken -- by other agencies, by states or localities, by the private sector, or not at all?
2. If there are goals or programs of national importance that will remain undone and require a federal role in order to be accomplished, should they be done differently than they are being done today in order to enhance service to the customers?
3. How do your customers (not just interest groups) feel about the possible eliminations or changes? This would build on your ongoing efforts to get customer input about the services they want, and how to improve satisfaction with the services we provide. Throughout the review we have to continue to put customers first and to deliver on our published customer service standards.

Phase 2 of NPR will also review the federal regulatory process to find a way to get better results for the public with less interference in their lives.

The staff of the National Performance Review will distribute a schedule for the review. The review will be a collaborative effort between the agencies and the NPR staff, OMB, the President's Management Council, and the White House Policy Councils.

The President and I believe absolutely in federal workers. But these workers face uncertain times. We need to involve them in sorting out tomorrow's government. We need to continue to cut red tape and empower them to get results. And we need to treat them in a way that values their past contribution and their role as the most important resource in the government of the future.

Carrying out Phase 2 of the National Performance Review while we deliver on the promises of Phase 1 is a big challenge. It is also an enormous opportunity for us to change yesterday's government and make it work for the America of today and tomorrow. Thank you for your help.

*Al Gore*



OFFICE OF THE VICE PRESIDENT  
WASHINGTON

January 5, 1995

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES  
FROM ELAINE KAMARCK, SENIOR POLICY ADVISOR TO THE VICE PRESIDENT  
and BOB STONE, PROJECT DIRECTOR, NATIONAL PERFORMANCE REVIEW  
SUBJECT: Second Phase of the National Performance Review

The Vice President's memo of January 3 (same subject) started a review to

"examine the basic missions of government, looking at every single government program and agency to find and eliminate things that don't need to be done by the federal government [and to] sort out how best to do the things government should continue to do."

The NPR and OMB staffs put together the attached chart to lay out a logical set of steps to go through in analyzing existing government programs or functions. It has helped us to think through the process; we think it would be worth your time to go through its steps mentally as you figure out how to carry out the Vice President's charge.

We hope it helps.

Attachment: Decision Tree Chart



# Sample Decision Tree for Analyzing Agency Programs

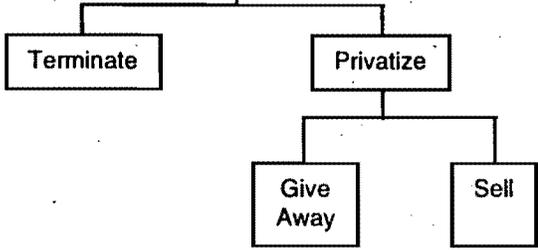
Existing Program or Function

*Is this program or function critical to the agency's mission based on "customer" input?*

YES

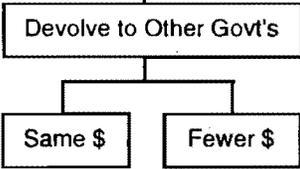
NO

*Can it be done as well or better at the state or local level?*



YES

NO



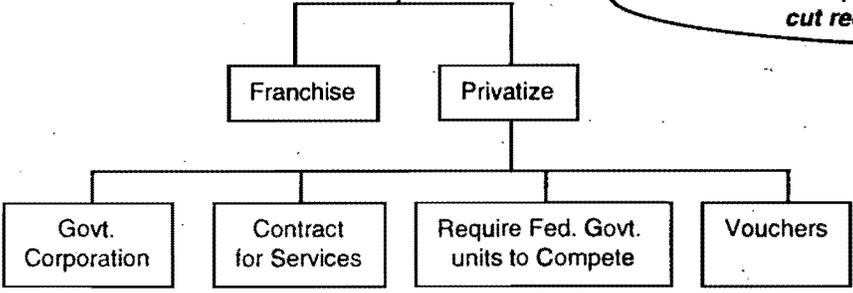
*Is there any way to cut cost or improve performance by introducing competition?*

YES

NO

*How can NPR principles be applied to put customers first, cut red tape, and empower employees?*

Continue Reinvented Operation



**Best chances for introducing competition**

- **Similar services available commercially;** e.g., food service, scientific research
- **Rapidly changing technology;** e.g., information technology
- **Services paid directly by customers;** e.g., Alaskan Power, air traffic control
- **Multiple federal locations;** e.g., six shipyards, six IRS revenue centers
- **Strictly internal services;** e.g. travel, payroll

# Organization of Teams for NPR Phase II

<b>IA. Large Agency Teams Effort</b>
<i>National Security and International Affairs</i> Defense State Intelligence Community
<i>Natural Resources, Energy, and Science</i> Agriculture Environmental Protection Agency Interior National Science Foundation NASA
<i>Human Resources</i> Education Labor Health and Human Services (part) Social Security Administration
<i>Health and Personnel</i> Veterans Affairs Health and Human Services (part)
<i>General Government</i> Commerce Small Business Administration Justice Federal Emergency Management Agency Treasury Postal Service

2 part

a) Analysis

b) Review of possibilities

<b>IB. Small Agency Teams Effort</b> (number of teams to be determined to cover the roughly 120 small agencies). Could group by major cabinet agency or by natural clusters, such as:  -- International Affairs (17 agencies) -- Natural Resources (13 agencies) -- Cultural Activities (17 agencies) -- Education (8 agencies) -- Human Resources (13 agencies) -- Business and Trade (8 agencies) -- Financial Services (17 agencies) -- Legal (7 agencies) -- Other (18 agencies)
<b>II. Federalism and Devolution Effort</b>
<b>III. Regulatory Reinvention Effort</b>
<b>IV. Implementation of NPR Phase I</b>  -- Streamlining -- Customer Service Standards -- Virtual Department of Business -- Public Service Reform
<b>V. Support: Research and Special Skills Staff</b>
Subsidy Identification Effort
Streamlining Effort
Customer Survey Skills
Privatization Effort
Individual Empowerment Effort
<b>VI. Legislative-Executive Relations</b>

\* ←

→ 2 tracks  
① On pg. 1 devolution? will be asked

② Big ?'s like XIX, etc.  
Bev did side by side on this.

VII, U.S. Postal Service