

IV. IMPROVING PERFORMANCE IN A BALANCED BUDGET WORLD

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We still have work to do, for while the era of big Government is over, the era of big challenges is not. Achieving educational excellence, finishing welfare reform and our campaign for safe streets, helping families to succeed at home and at work, balancing the budget, keeping America strong and prosperous, reforming campaign finance and modernizing Government operations so that, together, we can meet the challenges and seize the opportunities of this remarkable time.

President Clinton
December 11, 1996

The President's challenge is an awesome one—literally, how to do more with less, and how to do it better.

But it is the challenge that we face, shaped by the fiscal and political realities of our times. The President has worked hard to reduce the deficit, and he wants to work with Congress to finish the job and balance the budget by 2002—a goal that is widely shared in Congress and across the Nation. Consequently, departments and agencies no longer can count on more funding each year. For the foreseeable future, their resources will be constrained, perhaps severely so.

And yet, the Federal Government has a legitimate role to play in fulfilling the President's goals. Over the last four years, the President has used Federal resources and the power of his office to begin achieving educational excellence, expanding opportunity, cleaning up the environment, investing in promising research, ending welfare as we know it, protecting health care and pensions, making the tax system fairer, and keeping America strong. The public wants further progress on these and other issues and, with limited resources, the Federal Government must be able to respond effectively.

Led by Vice President Gore's National Performance Review, the Administration promised to create a Government that "works better and costs less." And we have made a good start. We are saving money, cutting the

work force, eliminating needless regulations and improving the ones we need, streamlining bureaucracies, cutting red tape, and finding numerous ways to better serve Government's "customers"—the American people.

Costs Less

The Administration has:

- Saved over \$100 billion, largely through a series of management reforms.
- Cut the Federal work force by over 250,000 employees,¹ creating the smallest work force in 30 years and, as a share of total civilian employment, the smallest since 1931. Thirteen of the 14 Cabinet Departments have cut their permanent work forces between 1993 and 1996; the Justice Department is growing because of the Administration's expanded war on crime and drugs.
- Eliminated over 200 programs and projects—major programs like the Bureau of Mines, and smaller special-interest or narrowly-focused activities like wool and mohair subsidies and the Tea-Tasters Board.
- Closed nearly 2,000 obsolete field offices.
- Negotiated better deals for Government purchases. The Government now pays \$3.62 for a three-pound commercial overnight delivery, compared to the \$27 retail rate, and as little as two-cents-a-minute

¹ As of September 1996.

for long-distance calls, compared to the 16-cents-a-minute retail rate.

Works Better

Departments and agencies are:

- Eliminating 16,000 pages of regulations and dramatically simplifying 31,000.²
- Improving customer service. Spurred by the President's challenge to be the "best in the business," over 200 agencies have committed to meet over 3,000 customer service standards. The Social Security Administration was rated first in a 1995 independent survey of selected public and private 1–800 services. Agencies including the Postal Service, Veterans Affairs Department (VA), and the Bureau of Engraving and Printing have surveyed over a million customers in the past year to learn how they can improve services.
- Using emerging technologies, particularly the Internet and its World Wide Web, to make Government information readily accessible and easier to find. The White House expanded its home page (www.whitehouse.gov) to provide access to commonly requested services. For example, citizens can get passport applications, their earnings records from the Social Security Administration, or student loan applications. The Commerce Department's "FedWorld" system connects users to hundreds of agency resources and information—from Federal job opportunities, to automobile emission system repair instructions, to information on starting a small business. Users downloaded over 250,000 tax forms and instruction booklets from the IRS' home page during the 1996 tax season.
- Creating "one-stop shops," such as the new U.S. General Stores, which give the public walk-in access to services across a wide range of agencies while cutting agency overhead costs. Similarly, the National Performance Review and the General Services Administration are working with phone companies across the country to

convert Federal listings by agency to listings according to services, such as Food Stamps or AIDS information. Over 18 million Americans will get such listings this year.

- Launching pilot projects to shift regulatory enforcement approaches from adversarial relationships to partnerships. In the Maine 200 partnership program, in which both companies and workers look for hazards, workman's compensation claims have dropped 40 percent.
- Cutting "red tape" and paperwork. The President and Congress strengthened the Paperwork Reduction Act, establishing goals for agencies to cut by 25 percent, by 1998, the hours that the public spends filling out Government forms and paperwork.

A Toolkit of Strategies and Techniques

The Administration is proud of its accomplishments, but our work is not done. As we move forward, the challenge will only get harder. Spurred by the Vice President, the Administration has identified many ways for agencies to improve their performance and cut costs. Some of these tools focus on eliminating obsolete processes; others focus on improving the ones we have. Because agencies and programs operate in such different ways, not all of these tools, techniques, and strategies apply to each agency and department. But every agency and program can benefit from a number of them.

Based on what we have learned over the past four years, we plan to employ the following seven tools, as shown in Table IV–1.

1. Restructure Agencies

A smaller Government is not an end in itself. We want to change the way it operates. In place of highly-centralized, inflexible organizations that focused on inputs, the Administration is creating more flexible, decentralized management structures within agencies to focus on results. Agencies are streamlining their work forces, collapsing redundant layers, increasing spans of control, and creating leaner headquarters. Many are closing small, inefficient field offices while strengthening

² As of December 31, 1996, agencies had eliminated, or proposed for elimination, 87 percent of the 16,000; they had improved, or proposed for improvement, 78 percent of the 31,000.

Table IV-1. STRATEGIES TO IMPROVE PERFORMANCE AND REDUCE COSTS

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| 1. | Restructure Agencies |
| 2. | Improve Effectiveness of the Federal Workplace |
| 3. | Reform Federal Purchasing Practices |
| 4. | Expand Competition to Improve Services and Reduce Costs |
| 5. | Follow the Best Private Sector Practices in Using Information Technology |
| 6. | Improve Credit Program Performance |
| 7. | Improve Business Management Practices |

the services they provide to customers through increased electronic communications and systems. And some agencies are fundamentally changing the way they work with State and local governments and with the private sector by creating partnerships to focus on joint goals and the progress toward meeting them.

- *Create more efficient, performance-based organizations (PBOs):* PBOs, which the President has labeled a priority for his second term, are discrete units of a department that commit to clear management objectives, measurable goals, customer service standards, and specific targets for improved performance (see Table IV-2). Once designated, they would have greater personnel and procurement flexibilities and a competitively-hired CEO, who would sign an annual performance agreement with the Secretary and have a share of his or her pay depend on the organiza-

tion's performance. The British, who have extensive experience with this concept, have found that such agencies have improved performance and cut administrative costs.

- *Consolidate intergovernmental funding streams into Performance Partnerships:* Performance Partnership grants with larger, more flexible funding pools can replace small categorical grants, improving financial incentives, rewarding results, eliminating overlapping authorities, and cutting Federal overhead, micro-management, and paperwork. States or Tribes can now combine up to 15 separate Environmental Protection Agency funding streams across water, air, hazardous waste, and similar programs to improve environmental outcomes. Agriculture Department (USDA) State Directors can combine funding for 18 programs into three funding streams

Table IV-2. PROPOSED PERFORMANCE-BASED ORGANIZATIONS

Department or Agency	Function
Commerce	Technical information dissemination (National Technical Information Service)
Commerce	Intellectual property rights (Patent and Trademark Office)
Commerce	Seafood inspection
Defense	Defense Commissary Agency
Housing and Urban Development	Mortgage insurance services (GNMA)
Housing and Urban Development	Mortgage insurance services (FHA)
Transportation	St. Lawrence Seaway Development Corporation
Treasury	United States Mint
Office of Personnel Management	Retirement benefit services

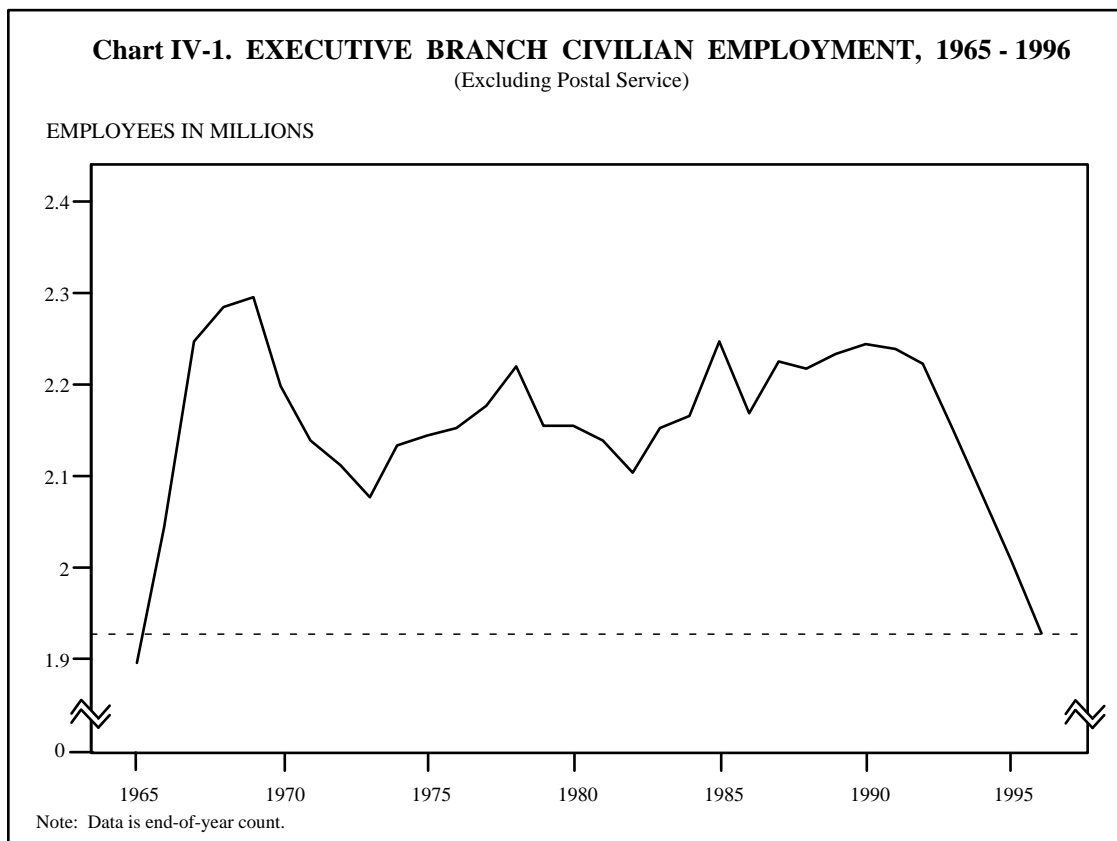
for rural housing, utilities and business or cooperative services.

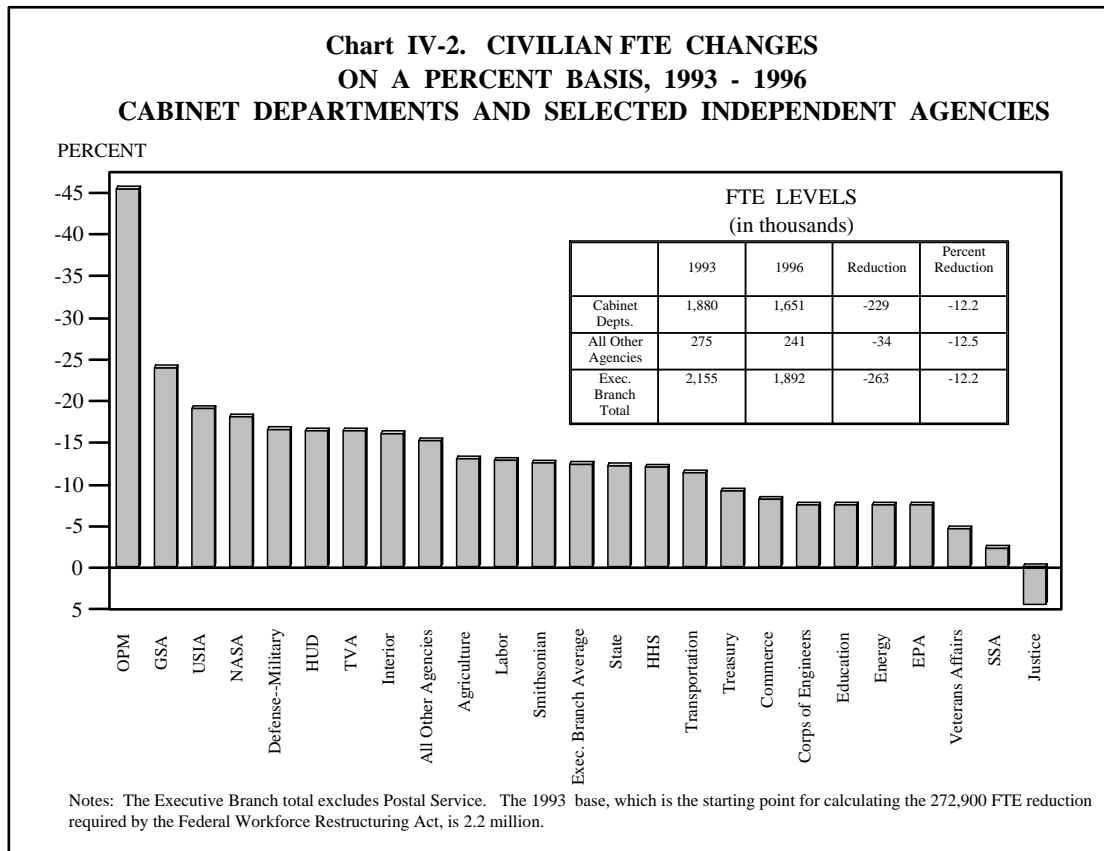
- *Accelerate implementation of existing streamlining plans:* The President and Congress are ahead of schedule on plans to cut 272,900 Federal positions, or 12 percent of the work force, by the end of this decade (see Chart IV-1). As Chart IV-2 shows, agencies are working hard to implement their streamlining plans—designed to cut overhead, eliminate vertical layers and redundant structures, particularly in headquarters operations, and increase spans of control.
- *Eliminate excess field offices:* Several agencies, including the Departments of Agriculture, Transportation, and the Treasury, and the Small Business Administration, have developed proposals to streamline their field office structures, while improving operations and customer service. Over 890,000 Federal employees work in almost

30,000 separate field offices that vary greatly in size. Although the average field office houses 30 employees, over 11,000 offices house five or fewer.

2. Improve Effectiveness of the Federal Workplace

What was true in 1993 remains true today. The main agents for change are Federal employees themselves. With a quarter of a million fewer of them than in 1993, we are asking those who remain to do more with less. They are working harder and smarter each and every day, and our efforts to reinvent Government would be nowhere near as successful were it not for their enthusiastic leadership and support. We must, however, continue to downsize and restructure, if only because of the limited resources that a balanced budget will offer. As with the previous personnel cuts, the Administration plans to closely manage and target further downsizing. Agencies need to avoid workplace





disruptions and employee disputes and, when they occur, resolve them quickly and fairly. Employees and managers need to plan and work together for common goals. In addition, the President proposes a 2.8 percent pay raise for both civilian employees and the military.³

- *Increase the number and effectiveness of labor-management partnerships:* The Administration plans to add to the more than 850 labor-management partnerships already in place to improve relations between agencies and the unions representing their employees. With these partnerships, the two sides work together toward a common goal—providing the highest-quality service at the lowest cost. The two sides cooperate to solve problems, implement changes, and jointly resolve worksite issues. Good partnerships breed good organizations, with an energized work force

³ Once again, the Administration will consult employee organizations and others before recommending how to allocate the civilian pay raise between locality pay and a national schedule adjustment.

focused on doing its job better and more efficiently.

- *Use buyouts to adjust the size and skill mix of the work force:* A well-planned, well-executed buyout program can minimize the need for involuntary layoffs by increasing attrition in targeted occupations, organizations, or locations. In response to changed conditions, missions, and resources, private and public organizations have used buyouts to make needed adjustments in the composition of the work force. Generally, they are less costly than formal reductions-in-force and are always less disruptive to workers—to those who elect to leave and those who remain.
- *Replace formal grievance procedures with Alternative Dispute Resolution (ADR):* The early, voluntary use of ADR can quickly resolve workplace disputes, eliminating the costs, delays, and adverse effects on workplace morale of formal administrative procedures or litigation. ADR encompasses various techniques to resolve disputes and

reach negotiated settlements and, at the Federal level, ADR has resolved a wide range of workplace disputes, including employee grievances and allegations of discrimination. For example, a Postal Service alternative mediation pilot program in Florida resolved 77 percent of cases using ADR, and generally reached settlements within two weeks of the offer of mediation services. ADR's expanded use can produce quicker, better settlements and significant savings.

3. Reform Federal Purchasing Practices

Prior to this Administration, efforts to make Government work better and cost less were often hindered by the Government's unique acquisition system. It was heavily rule-driven, leaving little leeway for Federal managers and employees to exercise good business judgment and common sense and providing too much incentive for wasteful and costly litigation. With leadership from the National Performance Review, the Administration issued an early call for fundamental reform and—with strong bipartisan support that helped produce the 1994 Federal Acquisition and Streamlining Act—is transforming the system into one that operates much more like private sector acquisition. The Administration seeks a Government acquisition system that performs like those of our most successful companies and, to achieve it, is pursuing important reforms.

- *Use performance-based service contracting (PBSC):* The Government spends over \$100 billion a year for contracted services. PBSC is a valuable tool that can not just save money, but also better enable agencies to achieve their missions. PBSC emphasizes what the Government wants from a contractor in measurable, mission-related, results-oriented terms, rather than prescribing how to do the work. PBSC also cuts costs by moving the Government away from cost reimbursement contracts, which are open-ended, to fixed price contracts. An ongoing Government-wide pilot project already has generated savings of 15 to 20 percent, and the agencies in-

involved have expressed more satisfaction with contractor performance.

- *Use past performance in selecting contractors:* Agencies have realized, as have successful companies, that they need not settle for mediocrity when they can get better overall value from stronger performers. By paying more attention to a contractor's past performance, agencies are beginning to do business only with firms that provide quality performance in exchange for taxpayers dollars. For example, a Navy installation in Seattle reports that its use of past performance has improved on-time delivery from 20 to over 70 percent and significantly reduced defects in the past 18 months.
- *Apply successful commercial buying strategies:* Recent legal and regulatory reforms are letting agencies more easily and effectively use commercial purchasing practices. Many agencies, for instance, are leveraging the Government's buying power as a large customer of commercial products, often by consolidating their orders. VA entered into a single national contract for one of its pharmaceuticals, cutting its costs from about \$2.5 million a year to just \$550,000. By consolidating its requirements for lab testing services in the Southeast region, the Army cut its bill in half. The Defense Logistics Agency is using another approach—a "prime vendor" strategy in which customers order and receive products directly from distributors—reducing the value of its pharmaceutical inventories by nearly \$85 million.
- *Streamline the buying process:* The Administration is revising the rules for source selection, letting contracting officials more easily get the best deals while still allowing all interested firms to participate. These changes will save the Government the cost of fruitless negotiations with offerors who are not leading contenders, and allow firms to focus resources on situations in which they likely will be the most competitive.

4. Expand Competition to Improve Services and Reduce Costs

Competition spurs efficiency. Agencies that provide administrative and other commercial or industrial products or services to “captive customers”—be they other agencies, or individuals or businesses—lack the stimulus of competition to sharpen their performance and control their costs. The Administration’s effort to expand competition encourages agencies to compete with one another, and with the private sector, to provide common administrative support services. More competition will bring new technologies, capital, management techniques, and opportunity to Federal employees and their customers.

- *Accelerate and expand the use of competition:* Agencies are using competition to purchase support services from their own employees, from “franchise funds” in other agencies, and from the private sector. Competition allows agencies to focus on their core mission requirements while giving them access to the best service providers, both public and private, and it encourages employees to organize themselves to cut costs and meet performance standards. The Social Security Administration, for example, recently chose to purchase payroll services from the Interior Department at lower annual operating costs. Through competition, the Defense Department (DOD) is cutting costs without cutting service. Indeed, experience here and abroad has shown that a greater use of competition can cut costs by as much as 30 percent.
- *Spin off or privatize functions:* Agencies are spinning off or otherwise converting to the private sector a range of assets and activities that the Government no longer needs to own or perform, including the Alaska Power Administration, the Interior Department’s helium processing, the Naval Petroleum Reserve known as Elk Hills, and, eventually, the U.S. Enrichment Corporation. Similarly, VA relied on “just in time” deliveries in buying medical supplies, eliminating its internal warehousing system and saving about \$100 million a year. In a new, innovative approach, the Office of Personnel Manage-

ment converted its background investigation staff to an Employee Stock Ownership corporation, saving money, protecting jobs, and letting those former Government employees expand services into State, local, and private markets.

5. Follow the Best Private Sector Practices in Using Information Technology

Well-managed information technology should improve the Government’s productivity while cutting its costs. Table IV-3 at the end of this chapter lists some of the most important investments in information technology for which the President is proposing funding. To ensure the maximum return on investment, agencies can now copy the successful practices of private firms, due to their new authority under the 1996 Clinger-Cohen Act. These practices—reengineering, buying and managing smart, integrating information—ensure that the technology provides workable solutions to real problems at a reasonable cost.

- *Re-engineer before automating:* Agencies can redesign how they do business to ensure that automation cuts costs, improves effectiveness, and uses commercial, off-the-shelf technology as much as possible. The Census Bureau, for example, moved its information to the World Wide Web to let researchers draw from the vast stores of Census data. The Weather Service restructured the duties of its forecasters, using advanced workstations to increase their productivity, and the accuracy and timeliness of weather forecasts. The warning time for tornados has risen significantly, giving communities more time to take appropriate precautions, such as moving children off playgrounds.
- *Acquire systems in phases:* By acquiring information technology systems in pieces, rather than all at once, agencies can reap immediate benefits while increasing the chance of having an integrated, working system at the end. A General Accounting Office (GAO) study found that buying systems in phases was one of the most important strategies followed by companies that have most successfully acquired new information technology systems.

- *Buy off-the-shelf:* Agencies can reduce their risks of problems by avoiding custom-designed components. The broad range of information technology equipment, software, and services now commercially available provides new opportunities to use commercial, off-the-shelf technology, rather than designing and building more-costly custom systems from the ground up. Through contracts with the General Services Administration (GSA), agencies can get standard commercial software packages for financial systems.
- *Consolidate and out source:* The Government can close over half of its larger computer centers and eliminate duplicative communications links. The National Aeronautics and Space Administration cut its data center processing costs by 30 percent in its first year of consolidation, and expects to save another 35 to 40 percent next year. GSA will close 11 data centers, outsourcing all of its data center requirements to the private sector.
- *Monitor progress with performance-based management systems:* Agencies are establishing performance-based monitoring systems, enabling managers to track whether major system acquisitions are meeting expectations for costs, schedules, and capabilities. The Federal Aviation Administration's Air Traffic Modernization System is using performance measures that are linked to design and procurement decisions.
- *Integrate information:* By integrating their information, agencies can stop duplicating each others' efforts while making their critical information more accurate. Many agencies collect information that other agencies use. Over 40 agencies, for example, collect and use trade data for analysis and for processing imports and exports. Those agencies are integrating information about shippers, bills of lading, types of cargo, exports, imports, and duties into a cohesive, coordinated system. The new system will eliminate duplicative import forms, speed cargo clearance, and improve our trade statistics. Similarly, eight agencies administering programs that deliver cash benefits to individuals are working

together to better coordinate program information across major Federal benefit programs, in order to prevent overpayments and avoid the costs of trying to recoup them after the fact.

6. Improve Credit Program Performance

To fulfill its stewardship responsibilities to taxpayers, the Government must manage its cash and loan assets as wisely as possible. Specifically, it must design and administer its loan programs prudently, and provide incentives to ensure that it can collect its "receivables" (that is, the amounts owed) in a timely fashion. At the end of 1995, contingent liabilities (that is, outstanding guaranteed loans) totaled \$737 billion, and non-tax receivables totaled \$245 billion, of which \$50 billion was delinquent. The 1996 Debt Collection Improvement Act gives agencies a range of new tools to improve credit program performance.

- *Lower costs with improved loan servicing:* The Debt Collection Improvement Act lets agencies withhold Federal payments to those who are delinquent on loans from the Federal Government, refer delinquent accounts to a private collection agency or a private attorney, or sell the "account receivable" to the private sector. Agencies also can keep up to five percent of any increase in their collections in 1997, compared to their average annual collections in 1993–96, but they must use the funds they keep to improve their credit management and debt collection.
- *Obtain higher recoveries on delinquencies with enhanced payment offset:* Also under the Act, the Treasury Department has begun to implement its new authority to intercept any Federal payment to a delinquent individual or entity to offset the delinquent amount. Through agency referrals of such debt to the Treasury Department, the Government expects to recover over \$300 million in the next three years, which it will credit to agency accounts.
- *Consolidate Government-wide debt collection:* The Act enables Treasury to designate agencies as Federal Debt Collection Centers to compete for delinquent account referrals and, in turn, be paid from recov-

eries. By October 1997, Treasury will designate up to five agencies to provide comprehensive account maintenance and special collection services. For agencies with decentralized account servicing operations or few loans, the centers will offer a low-cost alternative to in-house servicing.

- *Coordinate and expedite asset sales:* The Act encourages agencies to sell loan assets when the Federal Government will benefit financially. In 1996, the Department of Housing and Urban Development received over \$300 million more by selling collateralized loans than it would have—had it continued to hold these delinquent loans in its portfolio. VA sells over \$1 billion in collateralized loan assets each year. The Small Business Administration will undertake loan sales in 1998.

7. Improve Business Management Practices

The Administration is trying to transform a Federal Government with vestiges of early 20th Century thinking into one suited for the next century, and seeking to provide financial accountability for Government spending. An efficient, effective Government needs sound financial management, reliable information, and, where appropriate, fees from those who benefit from Government's business-like activities. The Administration is taking a coordinated approach to electronic process initiatives in order to re-engineer financial services; aggressively implement electronic purchasing, payment, and funds transfer; and improve the quality and timeliness of financial reporting.

- *Collect fees from the beneficiaries of Government's business-like activities:* The Federal Government provides services to businesses and others in the private sector. The budget would impose or raise fees on these recipients because, where possible, those who benefit from the Government's business-like activities should finance the services—not the general taxpayer. Specifically, the budget proposes Federal Aviation Administration fees to fund the air traffic control system; Food and Drug Administration fees to finance the testing

and approval of new drugs; and Food Safety and Inspection Service fees to fund the costs of meat and poultry inspection in production plants.

- *Re-engineer travel policies and procedures:* The Federal Government spends over \$7 billion a year for travel (almost \$5 billion in the Defense Department). GAO found that DOD spends an additional 30 percent of its direct travel costs to manage its travel system, while the private sector spends about six percent. DOD has begun implementing the recommendations of a two-year study to streamline its travel management procedures. GSA also has begun implementing the recommendations of a similar study of civilian agency travel management policies and practices. Both efforts likely will dramatically cut travel administrative costs throughout the Government.
- *Use electronic means to improve purchasing and capture financial data for easier accounting:* Purchase cards and electronic data interchange let buyers buy items cheaply and conveniently, while they capture the needed financial data from the buyers. USDA estimates that a paper purchase costs \$77 to process, while the same purchase by card costs \$33; USDA hopes to cut the card cost to \$17 per transaction. At the same time, information technology makes it easier for buyers to learn about items for sale. The "GSA Advantage" World Wide Web site lets Government employees browse through thousands of product listings and order with the Government's "IMPAC" credit card, and agencies can order high-end computer equipment and software through the Web page of NASA's "Scientific and Engineering Workstation Procurement" contract. The Administration wants to adopt "smart card" technology so that, ultimately, every employee will be able to use one card for a wide range of purposes, including travel, small purchases, and building access.
- *Phase-in electronic funds transfer:* The Debt Collection Improvement Act supports agencies' efforts to modernize their payment processes by requiring the Federal Government, by 1999, to make payments

to individuals and businesses by electronic funds transfer, thereby eliminating the costs and inconvenience of lost and stolen paper checks.

- *Accelerate implementation of Electronic Benefits Transfer (EBT)*: EBT replaces multiple Federal and State paper-based benefit delivery systems with a single card system, cutting overhead costs by streamlining processes and replacing multiple government delivery systems with the private banking infrastructure. EBT also brings dignity, security, and access to benefit recipients. Over half of the States will issue EBT cards in 1997. The Administration's EBT Task Force has estimated that Nation-wide implementation of EBT will save \$195 million a year by 1999.
- *Assure integrity of data (with audited financial statements)*: Government managers need management and reporting systems that produce reliable information. The basic set of Federal accounting standards is now complete, and agencies are improving the accuracy and reliability of their financial information. Sixty percent of entities that prepared audited financial statements for 1995 received unqualified opinions. Agencies are also making those statements more timely by completing and releasing them earlier.

Public Confidence in Government

The tools discussed above are designed to do more than let agencies function better for their own sake. Ultimately, they are designed to help agencies provide better, more effective services to the American people.

Already, agencies are assessing what their programs actually accomplish and what we must do to improve their performance. The

Government Performance and Results Act (GPRA)—the landmark legislation that enjoyed broad bipartisan support in Congress before the President signed it in 1993—makes agencies more accountable for, and focused on, what their programs achieve. The law provides the Administration, working with Congress, an unprecedented opportunity to give the American people a comprehensive picture of what they are getting for their taxes.

GPRA requires all agencies to send strategic plans to Congress by September 30, 1997 and make them available to the public. Each agency will define its mission, and set out its long-term goals for fulfilling it. Complementing the strategic plans, agencies also will create annual performance plans, establishing performance targets for the year ahead. Agencies will send the first of these performance plans, for 1999, to Congress and make them available publicly in February 1998. Finally, at year-end, GPRA requires agencies to compare actual performance against target levels in the performance plan, and to feature the comparisons in annual reports on performance to the President and Congress. Agencies will complete the first of those reports, for 1999, by March 2000.

For the challenges ahead, agencies now have many of the tools they need from not only GPRA but, as illustrated above, from the Federal Acquisition and Streamlining Act, the Debt Collection Improvement Act, the Clinger-Cohen Act, and the Paperwork Reduction Act. Others, however, will require legislation. Working together, the Administration and Congress can build on the ground-work they have laid. Working together, we can help agencies improve the Federal Government's performance in a balanced budget world.

Table IV-3. PROGRAM PERFORMANCE BENEFITS FROM MAJOR INFORMATION TECHNOLOGY INVESTMENTS

(Budget authority, in millions of dollars)

Program/Project	1996 Actual	1997 Estimate	1998 Proposed	Program Performance Benefits
Agriculture: Field Service Center Initiative.	132	91	101	Allows "one-stop service" for farmers and producers.
Commerce: Advanced Weather Interactive Processing System.	58	100	117	Improves the timeliness and accuracy of forecasts. Lowers the costs of generating forecasts through reduced staffing requirements.
Commerce: Census 2000	6	20	67	Reduces errors, the number of temporary employees needed, and publication costs.
Defense: Defense Messaging System	121	167	203	Provides timely, reliable, standardized, and secure communications worldwide and in the field.
Education: Direct Student Loan Servicing System.	85	135	172	Provides efficient and accurate servicing and record keeping for direct student loans.
Education: National Student Loan Data System.	23	28	32	Identifies institutions with high default rates for corrective action or elimination from student loan programs. Prevents students with previously defaulted student loans from receiving additional aid.
Education: PELL Grant Systems	6	11	11	Distributes grant funds to institutions and supports sound financial management.
Education: Guaranteed Student Loan Data System.	24	23	20	Makes payments and maintains records for transactions between the Education Department, guaranty agencies, and banks, as well as improving debt collection of student loans.
Education: Student Aid Application System.	50	50	52	Assists institutions and students by providing a standardized way to determine financial aid eligibility.
Energy: Telecommunications Integrator Services contract.	—	2	4	Lowers operating and maintenance costs and improves sharing of information by promoting interoperability of telecommunications systems.
Health and Human Services: Medicare Transaction System.	20	75	89	Simplifies and streamlines claims processing, eligibility, and managed care information systems while improving service to Medicare customers.
Health and Human Services: National Directory of New Hires.	—	—	30	Will help locate non-custodial parents who flee their home state to avoid making child support payments.
Housing and Urban Development: Information Technology Investments.	40	43	66	Provides better internal controls and oversight of Federal grants, verification of the eligibility of recipients, timely and accurate payment of funds, and oversight and servicing of FHA mortgages.
Interior: Automated Land Management Records System.	51	42	33	Improves the quality of, and access to, land, resources, and title information for public land managers and the public.
Interior: American Indian Trust System.	—	13	17	Ensures that trust income is collected, invested, and distributed accurately.
Justice: Integrated Automated Fingerprinting Identification System.	84	84	84	Allows the FBI to process routine identification requests in 24 hours and urgent requests in two hours.
Justice: National Criminal Information Center 2000.	62	39	—	Provides the criminal justice community Nation-wide with immediate access to documented information on criminals and criminal activity.
Labor: ERISA Filing Acceptance System.	—	6	3	Increases the speed, accuracy, and integrity of information that three agencies use to safeguard private pensions.
State: Diplomatic and Consular Systems Modernization.	100	144	191	Improve delivery and management of information required by diplomatic and consular officers overseas to support the Nation's foreign policy goals and ensure U.S. border security. (Includes user fees and budget authority.)

Table IV-3. PROGRAM PERFORMANCE BENEFITS FROM MAJOR INFORMATION TECHNOLOGY INVESTMENTS—Continued

(Budget authority, in millions of dollars)

Program/Project	1996 Actual	1997 Estimate	1998 Proposed	Program Performance Benefits
Transportation: FAA Air Traffic Control System Modernization.	1,368	1,233	1,306	Maintains and improves capability to promote the safe, orderly, and expeditious flow of air traffic
Treasury: Information Technology Investments.	—	—	500	Provides advanced funding for reengineering and redesign of tax administration systems and operations.
Treasury: Treasury Communications System.	46	115	118	Provides secure data transmission and information services worldwide for Treasury bureaus. (Funded through Treasury's working capital fund, not annual appropriations.)
Treasury: Automated Commercial Environment.	15	15	15	Supports business process redesign, systems architecture, development, and implementation for systems to replace Customs' Automated Commercial System.
Veterans Administration: Benefits Payment System transition.	6	6	7	Ensures that benefits are delivered timely and establishes a modern information technology infrastructure.
Veterans Administration: VA Clinical Workstation Information System.	430	450	456	Allows clinicians at VA hospitals and clinics easy access to complete medical records.
Environmental Protection Agency: Toxic Release Inventory System.	7	7	8	Helps to improve the environment by maintaining data related to the release of certain toxic chemical uses. The data is available to EPA staff, State and local governments, educational institutions, industry, environmental and public interest groups, and the general public.
National Aeronautics and Space Administration: Earth Observing System Data Information System.	247	255	245	Archives, manages, and distributes earth science data from NASA missions and provides spacecraft control and science data processing for the earth-observing mission systems.
Social Security Administration (SSA): Automation Investment Fund.	167	235	200	Funds national implementation of a new computing network of intelligent workstations for SSA and the State Disability Determination Services and related technological enhancements, including electronic sharing of information.
General Services Administration: Post-FTS 2000.	10	21	31	Beginning in 1998, will offer the Federal Government low-cost, state-of-the-art, integrated voice, data, video, and long-distance telecommunications. (Cost numbers are not budget authority, but agency contributions to the Information Technology Fund for expenses associated with the FTS 2000 Program.)
Nuclear Regulatory Commission: Agency Document Access and Management System.	1	2	2	Implements workprocess improvement review and increases staff efficiency through improved information access and elimination of redundant data entry. Reduces maintenance costs by replacing aging legacy hardware and minimizing custom software.
Office of Personnel Management: Retirement System Modernization.	—	—	—	Improves product accuracy, customer service, and staff efficiency by reengineering current paper-laden Federal employee retirement processes.
Interagency: Simplified Tax and Wage Reporting System.	—	—	—	Reduces employers' tax and wage reporting burden.
Interagency: International Trade Data System.	—	—	6	Reduces burden on exports and imports, speeds up shipments, and improves the quality of trade statistics.
Data Center Consolidation	—	—	-56	Saves money by requiring all Federal agencies to consolidate or co-locate their data processing centers to fewer larger, more efficient, and cost effective locations, either within the Government or with a private sector provider.

Note: This report is required by the Information Technology Management Reform Act of 1996, 40 USC 1412(c)).