10. RESTORING TRUST IN GOVERNMENT

> *When I became President, I knew we had to change old policies and old ways of doing things... the American people had a very low level of confidence in the Government... We wanted to change all that. We knew it was important for our economy... We knew it was important for the integrity of our democracy.*
>
> President Clinton
> January 1999

Americans believe that Government can deliver better results and improve their quality of life and the lives of their families. A generation ago, when the University of Michigan's Institute for Social Research asked "Do you trust the Federal Government to do the right things most of the time?" 76 percent of Americans expressed confidence in the Federal Government. By 1994, that number had declined to only 21 percent. Analyses of the underlying causes of distrust of Government by The Pew Charitable Trusts, the Council for Excellence in Government, leading universities and other groups suggest there is a key link between confidence in Government and Government's performance.

President Clinton and Vice President Gore recognized this and set about improving the responsiveness and performance of the Federal Government. The success of these efforts is reflected in the significant changes in the way Government does its business and the new confidence on the part of the American public. In the second term of this Administration, public trust in the Federal Government nearly doubled in the course of only four years, reaching 40 percent when last measured by the University of Michigan in 1998 (see Chart 10–1).

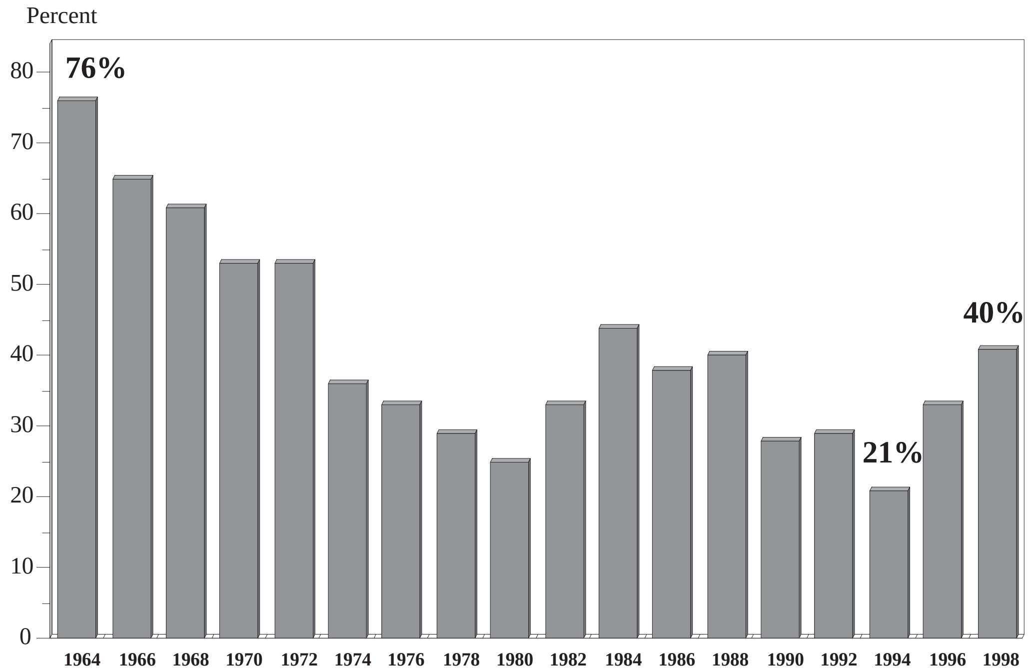
Recent studies show that many people base their decisions about how much they trust their Government on their assessment of how well they believe Federal agencies perform. When Governments work for the people—when citizens receive good basic services and have faith in the Government that is providing them—a large measure of stability and community naturally follows. In the past seven years, President Clinton and Vice President Gore have made substantial efforts to improve Government performance with demonstrable results.

Any organization that seeks to perform at a high level must have clear expectations, along with the necessary resources, the flexibility, and the management capacity to improve performance and get results. In 1993, Congress passed the Government Performance and Results Act (GPRA) which established a framework to set expectations, measure the progress toward meeting these goals, and report on results. For the first time this year, agencies will report upon these results in light of the performance goals they established in their 1999 plans. Later in 2000, agencies will update their strategic plans to cover activities for the next three to five years. Each year, agencies are more and more making performance measures a key part of their basic decisions, resulting in better budgeting and better programs.

The Administration's Stewardship is Making a Difference

In 1993, President Clinton and Vice President Gore launched the longest running management reform effort in the Federal Government's history, the Reinventing Government initiative. This effort has created a Government that works better, costs less, and gets results Americans care about. In the past seven years, the Administration has streamlined the work force, eliminated obsolete programs and agencies, empowered its employees to cut red tape, and used partnerships to get results.

Chart 10-1. Americans' Trust in the Federal Government



Source: University of Michigan, National Election Studies, 1964-98

Between 1993 and 1999, the Administration reduced the size of the Federal civilian work force by 17 percent, or 377,000 full-time equivalent employees. As Chart 10–2 shows, this is the smallest Federal work force in 39 years. This reduction has been accomplished almost entirely through voluntary separations. Almost all of the 14 Cabinet Departments and large independent agencies have reduced their work force (see Chart 10–3). For example, the Office of Personnel Management reduced its work force by 55 percent during this period. And the growth in the Justice Department's work force, running contrary to the overall trend, specifically reflects the Administration's commitment to expanding the fight against crime and drugs, while the Commerce Department has hired additional employees on a temporary basis to meet the demands of the decennial census.

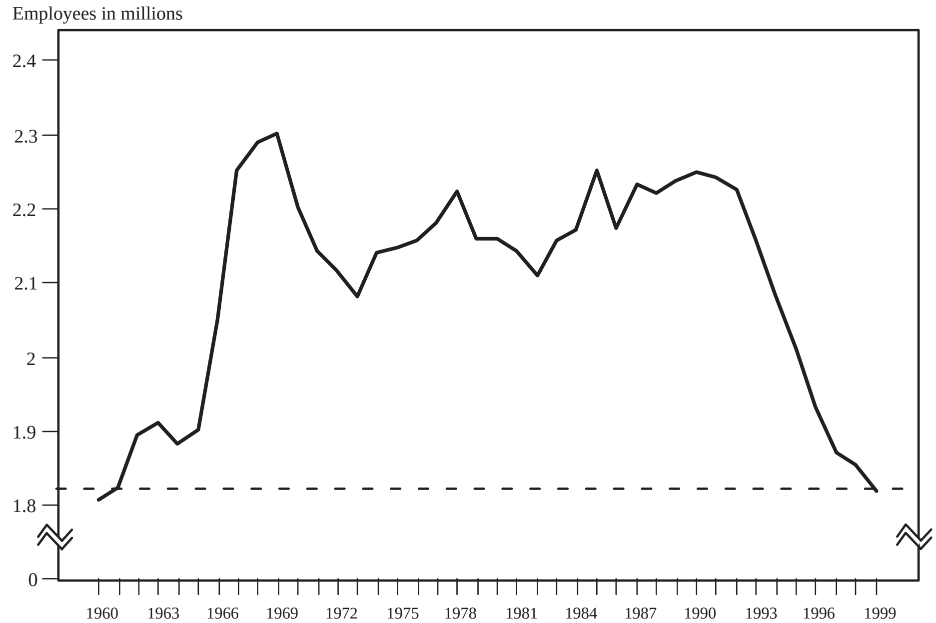
To enable agencies to downsize and restructure so that they can better achieve their overall goals and missions, the Administration proposed and Congress enacted legislation in 1999 authorizing agencies to target offers of voluntary, early retirement to particular segments of the work force. The Administration will seek Government-wide authority to offer such voluntary separation incentives (buyouts) where justified through cost benefit analysis and will also continue to support agencies needing separate buyout authority to restructure their work force.

The Administration is Improving Performance

While reducing costs and cutting red tape are important management objectives, the highest priority objective is for Federal agencies to deliver results that Americans care about. Studies show that high performing organizations use a balanced set of measures to determine how they are doing in achieving "bottom line" mission results, maintaining strong employee morale, and satisfying their customers. These three elements are related. Research shows that when employee satisfaction grows, so too does the satisfaction of the customers they serve. This, in turn, contributes to improved mission (or operational) results. Together, such results-ori-

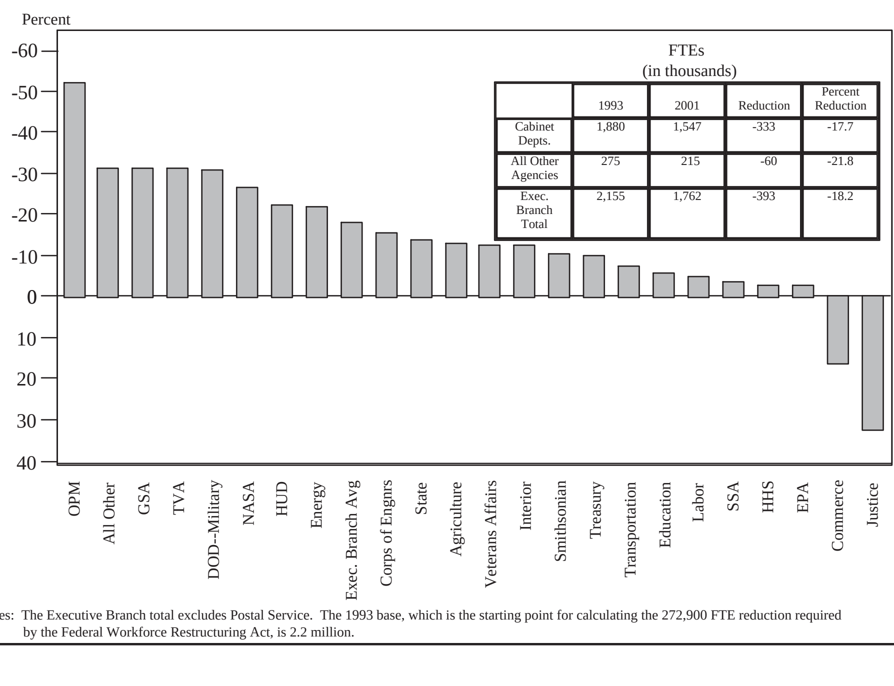
Chart 10-2. Actual Civilian Employment in the Executive Branch 1960 - 1999

(Excluding Postal Service)



Note: Data is end-of-year count.

Chart 10-3. Civilian FTE Changes on a Percent Basis, 1993-2001 Cabinet Departments and Selected Independent Agencies



	1993	2001	Reduction	Percent Reduction
Cabinet Depts.	1,880	1,547	-333	-17.7
All Other Agencies	275	215	-60	-21.8
Exec. Branch Total	2,155	1,762	-393	-18.2

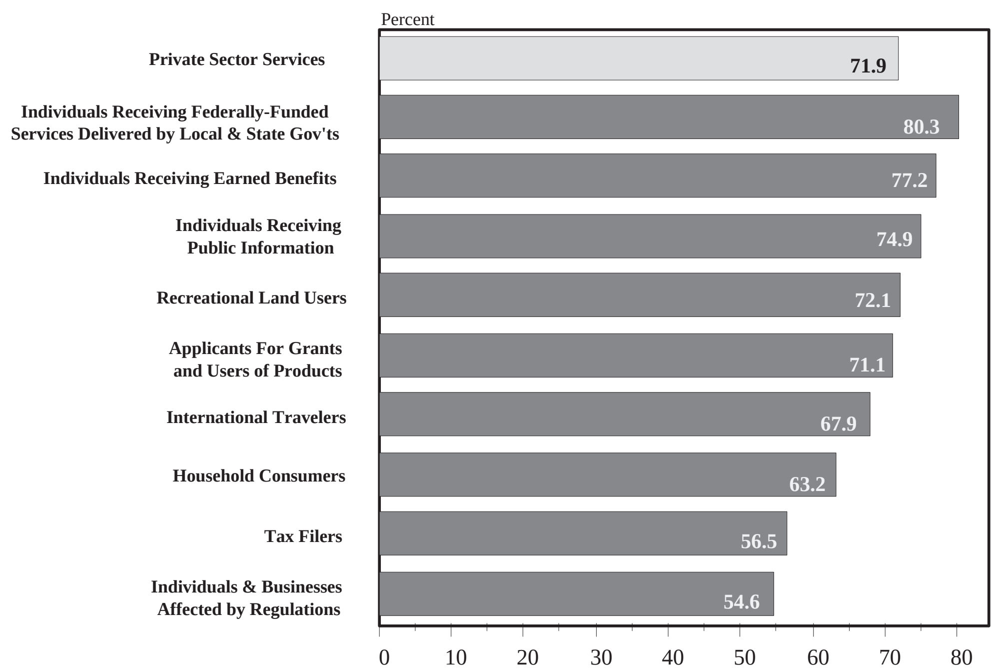
Notes: The Executive Branch total excludes Postal Service. The 1993 base, which is the starting point for calculating the 272,900 FTE reduction required by the Federal Workforce Restructuring Act, is 2.2 million.

ented measures give a more comprehensive picture of how programs are performing and prevents managers from making improvements in one area at the expense of another.

Customer satisfaction: In 1999, the Administration sponsored the first-ever Government-wide survey of the customers of agencies that deal the most with the public. The Government-wide American Customer Satisfaction Index was 68.6 on a 100-point scale. With an index of nearly 72, private sector services are in a similar range. In fact, certain Federal agencies do as well or better than the private sector in a number of areas. For example, Federal customers receiving earned benefits rated their agencies at 77 while the comparable private sector area had the same rating. Similarly, Veterans Health Administration outpatient services ranked 79; private sector hospitals ranked 70. As might be expected, there is considerable variation between agencies that provide benefits or services and those that collect taxes or regulate. The activities of regulatory agencies benefit the public at large, but may not be perceived as benefiting those subject to the regulation. Chart 10–4 shows customer satisfaction with selected Federal services compared to average satisfaction for private sector services. For details, see the website *www.npr.gov*. In addition, 60 percent of those surveyed thought service had improved in the past two years. Each participating agency has committed to improve its customer satisfaction in the coming year. The agency plans are available at the website *www.customersurvey.gov*. In 2000 and 2001, agencies will repeat the survey and expand the services covered.

Employee satisfaction: A second 1999 Government-wide survey—of the Federal work force—showed that job satisfaction in Federal agencies is similar to the private sector. It also showed a dramatic leap in the number of Government employees who see customer service as an essential component of their jobs. Today, this is true for 72 percent of Federal Government employees. Less than a decade ago, shortly before this Administration came to of-

Chart 10-4. Customer Satisfaction for Selected Federal Services Compared to Average Satisfaction for Private Sector Services



Source: National Quality Research Center, University of Michigan Business School, American Customer Satisfaction Index Scores (0-100 scale), 1999 fice, only 36 percent of supervisors considered customer service to be important. In addition, the survey showed that employees in organizations where reinvention has been a priority were twice as satisfied with their jobs, felt they were more empowered to serve their customers, and faced less red tape than other employees.

To recognize that Federal employees are the key to effective Government performance, and to enable the Government to attract and retain a high-quality work force, the President proposes to enhance the current compensation package. First, the President proposes a 3.7 percent pay raise for civilian employees, an increase greater than the recent wage growth in the private sector. Second, the Administration will request that Congress reverse action taken last year to delay into 2001 the last 2000 paycheck of many Federal employees and to repeal, effective January 2001, the higher retirement contributions required of Federal employees by the Balanced Budget Act of 1997. Third, the President will enable Federal employees to pay their annual health insurance premiums out of pre-tax income, a benefit already available to most employees in the private sector and State and municipal Governments.

Getting Results: The commitment of the President and the Congress to balance the budget—and keep it in balance—has rightly prompted increased focus on the allocation of resources to programs that advance each agency's mission. Therefore, agencies are increasingly justifying funds for programs in terms of performance. The Executive Branch and the Congress are asking the key questions: "What are we getting for what we are spending?" and "How will we know if we are successful?"

The bottom line for Government organizations is their mission: the goals and outcomes that can indicate success. For example, a major performance goal for the Environmental Protection Agency is to reduce air toxics emissions. The Department of Education's Student Financial Assistance Program has a major goal to ensure that low- and middle-income students will have the same access to post- secondary education that high-income students do. The Social Security Administration seeks to deliver customer-responsive world-class service.

Often performance is examined only across single organizational units, such as a Department or agency. In Chapters 11 (National Security) through 27 (General Government) that follow, program performance is described according to budget functions. The functional presentation reflects comprehensive coverage of the major accounts in the budget, grouping together similar programs to show the interrelationships among their goals. The chapters include illustrative accomplishments in 1999 and other recent years, and also highlight performance goals for 2001. Additional detail will be available when the agencies distribute their 2001 performance plans and their first-ever annual performance reports assessing operational results for 1999.

The material that follows, together with Section III, "Sustaining Our Economic Prosperity," constitutes the third comprehensive Government-wide Performance Plan. Together these sections, which highlight fiscal performance and operating performance, contain an integrated view of the measures and descriptions of program activity contemplated by the GPRA.

In addition, OMB is separately submitting its third Report to Congress on the Costs and Benefits of Federal Regulations. This report is required by Section 638(a) of the 1999 Omnibus Consolidated and Emergency Supplemental Appropriations Act. The report updates information on the costs and benefits of Federal regulations in the aggregate, by agency and agency program, and by major rule. It also presents an analysis of impacts of Federal regulation on State, local, and Tribal governments, small business, wages, and economic growth. Finally, the report provides recommendations for reform of specific regulations.

Table 10–1. FEDERAL RESOURCES BY FUNCTION
(In billions of dollars)

Category	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
NATIONAL DEFENSE:							
Spending:							
Discretionary Budget Authority	288.1	294.1	306.3	310.1	316.4	324.1	332.4
Mandatory Outlays:							
Existing law	–0.6	–0.5	–0.9	–0.8	–0.8	–0.7	–0.7
Credit Activity:							
Direct loan disbursements	....	*	....	N/A	N/A	N/A	N/A
Guaranteed loans	*	*	....	N/A	N/A	N/A	N/A
Tax Expenditures:							
Existing law	2.1	2.1	2.2	2.2	2.2	2.2	2.2
INTERNATIONAL AFFAIRS:							
Spending:							
Discretionary Budget Authority	41.5	23.9	22.8	23.2	23.5	24.1	24.6
Mandatory Outlays:							
Existing law	–4.3	–4.8	–4.1	–3.7	–3.7	–3.7	–3.7
Credit Activity:							
Direct loan disbursements	2.8	1.8	1.4	N/A	N/A	N/A	N/A
Guaranteed loans	9.5	12.8	12.5	N/A	N/A	N/A	N/A
Tax Expenditures:							
Existing law	14.4	15.6	16.7	17.0	17.6	18.8	20.1
Proposed legislation	....	0.1	0.2	0.1	*	–*	–*
GENERAL SCIENCE, SPACE, AND TECHNOLOGY:							
Spending:							
Discretionary Budget Authority	18.8	19.2	20.8	21.2	21.5	22.1	22.5
Mandatory Outlays:							
Existing law	*	0.1	0.1	*	*	*	*
Tax Expenditures:							
Existing law	3.6	2.9	5.2	5.7	5.1	4.8	3.9
ENERGY:							
Spending:							
Discretionary Budget Authority	2.9	2.6	2.9	3.3	3.1	3.2	3.3
Mandatory Outlays:							
Existing law	–2.2	–4.5	–3.8	–3.9	–3.7	–4.0	–4.0
Credit Activity:							
Direct loan disbursements	1.1	1.7	1.6	N/A	N/A	N/A	N/A
Guaranteed loans	*	0.1	0.2	N/A	N/A	N/A	N/A
Tax Expenditures:							
Existing law	1.9	1.9	1.9	2.0	1.3	1.4	1.4
Proposed legislation	....	....	0.2	0.4	0.7	1.1	1.6
NATURAL RESOURCES AND ENVIRONMENT:							
Spending:							
Discretionary Budget Authority	23.8	24.0	24.9	25.1	25.4	26.0	26.5
Mandatory Outlays:							
Existing law	0.3	0.5	0.6	0.7	0.9	0.8	0.8
Proposed legislation	....	....	–0.2	–0.1	–0.5	–0.4	–0.3
Credit Activity:							
Direct loan disbursements	*	*	*	N/A	N/A	N/A	N/A
Guaranteed loans	....	....	0.1	N/A	N/A	N/A	N/A
Tax Expenditures:							
Existing law	1.5	1.5	1.6	1.6	1.7	1.8	1.8
Proposed legislation	....	....	*	*	0.1	0.2	0.3
AGRICULTURE:							
Spending:							
Discretionary Budget Authority	4.5	4.5	4.6	4.6	4.5	4.7	4.7
Mandatory Outlays:							
Existing law	18.4	26.1	14.3	9.8	9.7	7.6	6.6
Proposed legislation	....	0.7	3.4	3.3	....	....	....
Credit Activity:							
Direct loan disbursements	10.0	12.2	10.6	N/A	N/A	N/A	N/A
Guaranteed loans	2.6	6.6	6.6	N/A	N/A	N/A	N/A

Table 10–1. FEDERAL RESOURCES BY FUNCTION—Continued
(In billions of dollars)

Category	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Tax Expenditures:							
Existing law	0.9	0.9	1.0	1.0	1.0	1.1	1.1
COMMERCE AND HOUSING CREDIT:							
Spending:							
Discretionary Budget Authority	3.8	7.2	3.5	3.3	3.3	3.2	3.3
Mandatory Outlays:							
Existing law	–0.9	–1.6	–0.8	–1.0	–1.5	–1.3	–0.7
Proposed legislation	....	....	–0.1	–0.1	–0.1	–0.1	–0.1
Credit Activity:							
Direct loan disbursements	2.1	1.8	2.0	N/A	N/A	N/A	N/A
Guaranteed loans	306.6	264.0	273.9	N/A	N/A	N/A	N/A
Tax Expenditures:							
Existing law	227.9	235.6	247.1	255.3	264.4	274.7	284.4
Proposed legislation	....	....	0.3	0.5	0.5	0.7	0.8
TRANSPORTATION:							
Spending:							
Discretionary Budget Authority	13.7	13.3	14.5	14.5	15.0	15.6	16.3
Mandatory Outlays:							
Existing law	1.9	2.4	2.1	1.6	2.0	1.9	1.9
Proposed legislation	....	....	*	*	*	*	*
Credit Activity:							
Direct loan disbursements	0.2	1.0	0.9	N/A	N/A	N/A	N/A
Guaranteed loans	1.8	2.8	0.9	N/A	N/A	N/A	N/A
Tax Expenditures:							
Existing law	1.9	2.0	2.1	2.2	2.3	2.5	2.6
COMMUNITY AND REGIONAL DEVELOPMENT:							
Spending:							
Discretionary Budget Authority	11.0	11.5	12.3	12.3	12.5	12.8	13.1
Mandatory Outlays:							
Existing law	–*	–0.5	–0.6	–0.8	–0.9	–0.9	–1.1
Proposed legislation	....	....	–0.1	*	0.1	0.2	0.2
Credit Activity:							
Direct loan disbursements	1.7	2.1	2.8	N/A	N/A	N/A	N/A
Guaranteed loans	1.6	2.4	2.9	N/A	N/A	N/A	N/A
Tax Expenditures:							
Existing law	1.3	1.4	1.5	1.4	1.2	1.1	1.1
Proposed legislation	....	....	0.1	0.5	1.0	1.3	1.6
EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES:							
Spending:							
Discretionary Budget Authority	46.6	44.4	61.5	61.6	62.3	63.4	64.6
Mandatory Outlays:							
Existing law	11.3	11.3	15.4	14.0	15.5	16.2	17.2
Proposed legislation	....	–0.1	–2.8	–0.2	–0.2	–0.2	–0.2
Credit Activity:							
Direct loan disbursements	18.1	14.7	15.8	N/A	N/A	N/A	N/A
Guaranteed loans	21.9	25.3	26.5	N/A	N/A	N/A	N/A
Tax Expenditures:							
Existing law	34.1	36.0	37.6	38.7	41.2	42.4	44.7
Proposed legislation	....	0.1	1.4	3.7	3.8	5.0	5.5
HEALTH:							
Spending:							
Discretionary Budget Authority	30.2	33.8	35.0	34.8	35.2	36.1	36.8
Mandatory Outlays:							
Existing law	114.1	123.3	132.3	143.2	155.1	167.5	181.3
Proposed legislation	....	....	1.1	2.8	5.3	8.1	9.8
Credit Activity:							
Guaranteed loans	....	0.1	0.1	N/A	N/A	N/A	N/A

Table 10–1. FEDERAL RESOURCES BY FUNCTION—Continued
(In billions of dollars)

Category	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
Tax Expenditures:							
Existing law	82.9	89.3	95.2	101.7	107.4	114.2	122.0
Proposed legislation	....	....	0.1	1.3	2.8	3.9	4.7
MEDICARE:							
Spending:							
Discretionary Budget Authority	2.8	3.1	3.0	3.0	3.0	3.1	3.2
Mandatory Outlays:							
Existing law	187.7	199.5	218.3	223.7	241.9	255.4	277.5
Proposed legislation	....	....	–0.7	2.6	–2.7	6.5	6.1
INCOME SECURITY:							
Spending:							
Discretionary Budget Authority	32.7	29.8	41.3	41.3	41.8	42.9	43.8
Mandatory Outlays:							
Existing law	197.8	207.4	217.2	229.7	240.9	251.1	263.3
Proposed legislation	....	2.2	–1.6	0.9	1.5	3.0	3.1
Credit Activity:							
Direct loan disbursements	*	*	*	N/A	N/A	N/A	N/A
Guaranteed loans	*	0.1	0.1	N/A	N/A	N/A	N/A
Tax Expenditures:							
Existing law	140.3	147.7	153.1	159.3	165.6	172.1	178.8
Proposed legislation	....	*	2.6	4.6	7.9	10.4	16.4
SOCIAL SECURITY:							
Spending:							
Discretionary Budget Authority	3.2	3.2	3.5	3.5	3.5	3.6	3.7
Mandatory Outlays:							
Existing law	387.0	403.3	422.2	443.0	465.3	489.7	516.2
Proposed legislation	....	....	....	0.1	0.1	0.1	0.2
Tax Expenditures:							
Existing law	23.3	24.5	25.8	27.3	29.0	30.8	23.3
VETERANS BENEFITS AND SERVICES:							
Spending:							
Discretionary Budget Authority	19.3	20.9	22.1	22.1	22.3	22.9	23.4
Mandatory Outlays:							
Existing law	23.8	25.1	25.6	26.3	27.6	28.4	31.0
Proposed legislation	....	1.8	–1.5	0.8	1.0	1.5	2.0
Credit Activity:							
Direct loan disbursements	1.7	2.0	0.7	N/A	N/A	N/A	N/A
Guaranteed loans	43.1	32.1	29.5	N/A	N/A	N/A	N/A
Tax Expenditures:							
Existing law	3.1	3.3	3.4	3.5	3.7	3.9	4.1
ADMINISTRATION OF JUSTICE:							
Spending:							
Discretionary Budget Authority	26.5	26.6	29.0	30.0	30.1	30.3	30.9
Mandatory Outlays:							
Existing law	0.9	1.5	1.5	0.8	0.7	2.1	2.2
Proposed legislation	....	....	....	....	....	–1.5	–1.5
GENERAL GOVERNMENT:							
Spending:							
Discretionary Budget Authority	13.7	12.6	14.7	14.5	14.6	14.8	15.0
Mandatory Outlays:							
Existing law	3.3	1.7	1.4	1.3	1.3	1.6	1.4
Proposed legislation	....	*	*	0.4	0.4	0.4	0.4
Credit Activity:							
Direct loan disbursements	....	*	*	N/A	N/A	N/A	N/A
Tax Expenditures:							
Existing law	63.0	65.8	68.3	70.8	73.8	77.0	80.3
Proposed legislation	....	....	*	0.3	0.3	0.3	0.4

Table 10–1. FEDERAL RESOURCES BY FUNCTION—Continued

(In billions of dollars)

Category	1999 Actual	Estimate 2000	2001	2002	2003	2004	2005
NET INTEREST:							
Spending:							
Mandatory Outlays:							
Existing law	229.7	220.3	208.3	198.6	189.2	177.4	163.6
Proposed legislation	....	....	*	*	0.1	0.1	0.1
Tax Expenditures:							
Existing law	1.0	1.1	1.1	1.2	1.2	1.3	1.4
ALLOWANCES:							
Spending:							
Discretionary Budget Authority	....	....	–0.2	–0.2	–0.3	–0.3	–0.3
UNDISTRIBUTED OFFSETTING RECEIPTS:							
Spending:							
Discretionary Budget Authority	....	....	–0.2	–0.2	–0.2	–0.2	–0.2
Mandatory Outlays:							
Existing law	–40.4	–43.1	–45.7	–49.1	–47.3	–46.9	–48.6
Proposed legislation	....	....	0.3	0.3	0.3	0.3	0.3
FEDERAL GOVERNMENT TOTAL:							
Spending:							
Discretionary Budget Authority	583.1	574.7	622.2	627.7	637.5	652.1	667.5
Mandatory Outlays:							
Existing law	1,128.1	1,167.4	1,203.2	1,233.5	1,292.3	1,342.3	1,404.2
Proposed legislation	....	4.6	–2.1	10.7	5.3	18.1	20.0
Credit Activity:							
Direct loan disbursements	37.7	37.3	35.8	N/A	N/A	N/A	N/A
Guaranteed loans	388.2	348.3	354.1	N/A	N/A	N/A	N/A

* $50 million or less.
N/A Not available.