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TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 2000

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HEARINGS

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SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON THE TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS

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NOTE: Under Committee Rules, Mr. Young, as Chairman of the Full Committee, and Mr. Obey, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

MICHELLE MRDEZA, BOB SCHMIDT, JEFF ASHFORD, and TAMMY HUGHES,
Staff Assistants

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HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES ONE HUNDRED SIXTH CONGRESS FIRST SESSION

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TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FIS- CAL YEAR 2000

TUESDAY, MARCH 9, 1999.

FEDERAL ELECTION COMMISSION

WITNESSES

**DARRYL R. WOLD, VICE CHAIRMAN
SCOTT E. THOMAS, CHAIRMAN
DANNY L. McDONALD, COMMISSIONER
LEE ANN ELLIOTT, COMMISSIONER
DAVID MASON, COMMISSIONER
KARL SANDSTROM, COMMISSIONER
JAMES PEHRKON, ACTING STAFF DIRECTOR
LAWRENCE NOBLE, GENERAL COUNSEL
CHRISTINA VANBRAKLE, CONGRESSIONAL LIAISON**

OPENING STATEMENT OF CHAIRMAN KOLBE

Mr. KOLBE. The meeting of the Subcommittee on Treasury, Postal Service and General Government will come to order.

This morning we have the Federal Election Commission before us. I am pleased to welcome Commissioner Wold, along with Chairman Thomas and Commissioner McDonald. Commissioner Wold, this is your first appearance before the subcommittee, though, as maybe others know, Darryl and I go back a long way to the time when we were at Stanford together during the first Reagan election in 1966.

Mr. WOLD. It was even the Goldwater campaign before that.

Mr. KOLBE. It was even before that, that is correct; I had forgotten about that.

Mr. WOLD. I haven't forgotten.

Mr. KOLBE. We are pleased to have you here with us today, and I look forward to working with you on the management and oversight of the FEC's budget and general operations.

I believe that the current and the forthcoming years are going to present a tremendous opportunity for the FEC. We have new blood at the Commission, with three new commissioners having been confirmed on July 30th of last year.

Just as I think your predecessors did a very good job of leading the FEC over the past 2 decades, I am confident that the three new ones, along with the other commissioners, have the qualifications we need to take the FEC into the next century. I am hopeful that the FEC will soon be able to see itself as an organization that is capable of rising to the very substantial challenges and the expect-

tations that the public has about enforcing our campaign laws, rather than one that limps along without the energy or the resources it needs to accomplish its mission.

In addition to the new level of energy that has been infused with the confirmation of three new commissioners, there has been the completion of a recent report by PricewaterhouseCoopers that gives both the FEC and, I think, Congress in its oversight function, a very comprehensible analysis of FEC operations, might I say, both its strengths and its weaknesses.

I was not only pleased with the quality of that review, but also what it said, and that is that the FEC is a competently managed organization with a skilled and motivated staff, but it also noted that there are shortcomings. I commend you for the accomplishments that you and your staff have achieved. The PwC study set out a set of 21 different recommendations, most of which can be accomplished without any legislative action.

I must say I am pleased to see that many of those recommendations endorsed the direction that this subcommittee has been encouraging the FEC to move over the years, both in terms of investments in information technology, as well as efforts to improve efficiency.

Commissioner, we have had a chance to look over your budget submission and justifications. I am a bit disappointed that neither document provides any detail on your plans to implement some of these recommendations, though I understand you are prepared to share some of that information and that detail with us here today.

If you leave this hearing today with only one thought, it would be this; I think that both time and opportunity are knocking at your door. The conclusions from the Price Waterhouse study are, very clear: FEC cannot continue doing business as usual. The price for that is inefficiency, requests for additional resources that simply aren't available, and an erosion, of public confidence in the process.

FEC can and must do a better job, but changes are needed, and those are changes that only top management are going to be able to put in motion. Over the next several years, we intend to track your progress in implementing these changes.

Before I call upon you for your opening statement, Mr. Commissioner Wold, let me turn to my distinguished ranking member, Steny Hoyer, and ask if he has some comments.

OPENING STATEMENT OF CONGRESSMAN HOYER

Mr. HOYER. Thank you very much, Mr. Chairman. I appreciate this opportunity to welcome Mr. Wold for his first appearance before this subcommittee. I was not aware of his long relationship with the chairman, that probably has eased his angst somewhat as he appears before this committee, but—

Mr. KOLBE. Maybe not.

Mr. HOYER. Well, if his experience has been like mine, it has been a positive one, so his angst has been eased.

The chairman and I don't always agree, as you will find, but we always find and have great respect for one another and I, for the chairman's fairness.

I want to welcome you also as the Chairman of the Finance Committee. My own perspective is that it will be very helpful to have an analysis which will perhaps have more credibility with the majority party, very frankly, in the Congress. The FEC has come under continuing attack, and unjustified, by what the audit report reflects.

I am also very pleased to recognize the Chairman, Scott Thomas, and Mr. McDonald, and welcome him.

Is this your first appearance before the committee, Mr. McDonald?

Mr. McDONALD. I am part of that old guard.

Mr. HOYER. Thank you; I gotcha. Mr. McDonald is one of our most experienced members and makes an outstanding contribution, as does Mr. Thomas as Chair. FEC has not been short on criticism, as we all know. You have been criticized for forcing your mandate too aggressively. You have been criticized for dumping cases that you don't have adequate resources to pursue.

Last year we initiated a thorough audit and management review of the FEC, and I am pleased with the positive results. The overall rating reads like this, and I quote, "The FEC is basically a competently managed organization with a skilled and motivated staff, although it has shortcomings." Auditors like lines—always have to add, like lawyers, I might say, being a lawyer, have to add that last phrase, "although it has shortcomings."

"Number one, that protects you against any possible finding that is inconsistent with your own findings and you point to that phrase, and it says, 'Yes, well, we said that.' But the fact of the matter is, this is a very positive finding."

Mr. Chairman, I have had an opportunity to look through the audit report. I would not—I haven't read it verbatim, but I was taken with the percentage of filers who agree or disagree with these following, because I think it is critical to the perception of some that the FEC was not doing its job and was not, in effect, filer-friendly, if I can coin a phrase.

FEC staff are courteous. How many people of those agree with that? 94 percent agreed with that. Between 3 and 4 percent didn't know. So, in effect, if you take the 94 percent is—94 out of 96, 94 and 96 whatever percentage that might be. I think—I guess it is about 97, 98 percent agreed that they were courteous.

FEC staff demonstrates a sincere interest in solving election law problems; 91 agreed with that out of 97, that is about 93 percent. Let me tell you if I had 93 percent of my constituents saying that I demonstrated sincere effort in solving their problems, there wouldn't be any point in anybody spending any money to run against me.

FEC staff operate in an independent, nonpartisan manner. I think this is critically important because, frankly, the allegations—and I coin the word "allegations," because that is what they were, accusations, that somehow, Mr. Wold, before you got on, this commission was acting in a partisan fashion, and the implication was that Democrats were favoring Democrats and Republicans were favoring Republicans and, therefore, you had stalemate, which is of course what The Washington Post said yesterday.

I am not sure they are right or wrong, but we are going to have to look at that. But the FEC staffs operate in an independent partisan manner. Eighty-one percent, almost 82 percent said that was accurate, 10 percent had no opinion, which meant that it was 80 out of 90 percent, which again is about I guess 86, 87 percent.

FEC conducts business hours that are very convenient to me, 85 percent. FEC is an institution that fairly applies compliance laws. And frankly, as someone who has had some dealings with the FEC on the downside—as I told you briefly, I have been cited by the FEC for a violation, and the FEC was right and I was wrong.

FEC as an institution applies to the laws, 69 percent. Now there was 17 percent that had no opinion, so that was 69 out of 83, again, very close to the 90 percentile. My point in reflecting those attitudes is that the FEC is filer-friendly from the perspective of filers.

Now, people have to deal with the FEC. The auditor also gives FEC high marks it has some shortcomings which—don't we all? The auditor gives high remarks in accuracy of public records, in customer satisfaction, in nonpartisanship; and the auditor goes on to say, and I quote, "Disclosure and compliance activities are executed without partisan bias."

And we had a substantial argument about that last year, frankly. The audit gave more high marks for FEC's ability to maintain confidentiality for increasing productivity in the workplace and for the much-criticized enforcement priority system of the General Counsel's office.

I am not trying to say that FEC doesn't have its problems. There isn't one of you at that table that wouldn't say that we have problems and we have got to solve them. But after this extensive, in-depth audit, the overall findings are excellent and you are to be congratulated.

The real problem with the FEC, in my opinion, is that it is charged with enforcing a set of campaign laws that have become in too many instances loopholes that you have to deal with and figure out.

The Washington Post, as I said earlier, recently suggested that FEC's effectiveness as a law enforcement agency has been eroded by the confusing votes of its own commissioners. We will have to go into that and find out whether that is the case. I believe that a credible FEC is critical, however, to maintaining America's open and equitable election process, and that means funding its staffing and technology needs. While obtaining voluntary compliance is at the core statement of mission, you nevertheless need to maintain a credible compliance and enforcement program so that the election rules will not be ignored.

You say in your statement that you are about to make that. That is why we have about 109 people—or 106 people, I forgot which the mix is—on compliance. In your statement you indicate that for the year 2000 you are seeking a budget of \$38.5 million and 357 FTEs, which represents a 4.5 percent increase in funding and a 2.7 percent increase in personnel. This is a very minimal increase, in my opinion, and I hope it will be adequate to meet your needs.

Mr. Chairman, thank you for giving me this opportunity to make a relatively extended statement, but the FEC has been under very

significant scrutiny and, I believe, does not have sufficient resources, as you know, to do the job the public expects of it and the Congress expects of it.

Mr. Wold and I have had this conversation personally and he, understandably, having been there 6 months, has not been there long enough to really have a hard view of that; but I know he is going to testify that these resources are necessary at this point in time.

Thank you, Mr. Chairman.

Mr. KOLBE. Thank you very much, Mr. Hoyer.

Mr. Wold, we will take your statement. As always the full statement can be placed in the record, and we hope you will summarize. I know that there will be a lot of questions from members here.

Mr. Wold, the floor is yours.

SUMMARY STATEMENT OF CHAIRMAN WOLD

Mr. WOLD. Thank you, Mr. Chairman, and good morning. Chairman Kolbe, Congressman Hoyer and members of the committee, I am Darryl Wold, Vice Chairman, Federal Election Commission, and Chairman of our Finance Committee. It is my privilege to present, on behalf of the Commission, the agency's budget request for fiscal year 2000.

Joining me at the table this morning, as you noted, Mr. Chairman, are our Chairman, Scott Thomas, and Commissioner Danny McDonald. Also with us this morning are our commissioners, Lee Ann Elliott, David Mason and Karl Sandstrom, along with some of our staff members.

Mr. HOYER. Can they identify themselves just for me? I know Ms. Elliott.

Mr. WOLD. Lee Ann Elliott, in the blue dress; Commissioner Karl Sandstrom and Commissioner David Mason.

Mr. HOYER. Thank you, Mr. Chairman.

Mr. WOLD. We are also joined by our staff members, including our acting Staff Director, James Pehrkon; our General Counsel, Lawrence Noble; and a lady I think you all know well, our Congressional Liaison, Christina VanBrakle, and various others of our staff members that have assisted in the preparation of our budget.

As the chairman noted, we have submitted extensive written materials, our budget justification and my statement in writing. We do ask that those be placed on the record, and I will not—to your relief, I think—read that or attempt to go over it in detail. I would just hit some of the highlights and then add some comments, primarily in the area of the PricewaterhouseCoopers report which I think is predominantly the subject of inquiry and discussion by this committee.

As you will note from our budget request for fiscal year 2000, we are requesting a budget of \$38,516,000 and an FTE level of 356.5. As Congressman Hoyer noted, this is a very modest increase over our previous year's budget for fiscal year 1999, amounting to a net increase of \$1,666,000, or a 4.5 percent increase in our funding level. The FTE level is an increase of nine positions for a 2.7 percent increase in our FTE.

Let me address the increase briefly. It is attributable, as I noted in my statement, in my written statement, to three factors. One is

the inflationary increase in the ongoing costs of doing business at our present level of operation; \$452,000 of the increase is for ongoing programs of enhanced information technology, including preparing for electronic filings, and the balance of it is a request for nine additional FTE, which we have separated out as a separate cost item in my statement, primarily for additional FTE in the compliance area.

The inflation increase, of course, we can't do much about, except try to work as efficiently and effectively as possible. But the cost of doing business does go up. Of the nine new FTE requested, though, let me address that in a little more detail, because that does increase our existing staff level.

We have asked for this because we believe that these additional FTE would be very important to our compliance program. Three of the FTE would be in our Audit Division and six in our General Counsel's office. The three additional in the Audit Division are requested, in light of what we anticipate will be an increased number of—increased volume of work for presidential audits. With an open presidential campaign this coming year, we expect more certification requests from an increased number of candidates and, consequently, more audits after that.

The additional staff will help us keep pace with our target of completing the presidential audits within 2 years after the general election. These additional staff in audit will also assist in compliance matters in conducting "for cause" audits and assisting the General Counsel's office in enforcement actions. The other six new FTE will be in the General Counsel's office, and we think that increase is justified by our experience with past increases in staffing in that office.

Our FTE in the General Counsel's office moved from 99 in fiscal year 1998 to 105 in fiscal year 1999, to date, and at the same time as that increase in staffing levels took place, we have seen an increase in the average active case load being handled by that office from 93 in fiscal year 1998 to 106 in fiscal year 1999. So we do note that parallel, at least that statistical parallel, in increased staffing levels resulting in an increased case load being managed; and that flows naturally from the relationship between the number of attorneys on board in the Counsel's office to the number of cases being handled. We have an average active case load per attorney that varies somewhere between four and six cases. So naturally, if that average case load per attorney holds, and there will be more staff, we can handle more cases.

We think this is important to deal with the ongoing problem of having to dismiss a significant number of cases because they are stale—because we haven't, and won't be able to get to them in a timely manner—sometimes not even before the statute of limitations has run. So every year we have had to dismiss a number of cases for staleness, and that has been a problem of concern to me, and I think, to the other commissioners—one that we need to deal with. The increase in staffing level will also help us keep pace with what we anticipate will be an increasing workload in the General Counsel's office.

The amounts of money raised by candidates, by party committees and by other nonauthorized committees are increasing, the number

of filings are increasing, and the number of enforcement actions that rise out of that increase in volume of business continues to bring us a heavy workload. In addition, we are finding that the enforcement cases that we are undertaking have a larger number of respondents, that is, individuals who have participated and potentially violated the law; so that makes the cases that we do handle increasingly complex, and consequently, they take more time and more staff to deal with.

So, for those reasons, we think that the modest increase we are asking in FTE in our fiscal year 2000 budget is justified. If the committee has more questions about the numbers in our request, we would be glad to respond to those as we can, either here at the table or as a follow-up.

But let me leave those numbers behind and go to the PricewaterhouseCoopers audit report, because that has been a major factor in the Commission's life during the past several months. As both Chairman Kolbe and Congressman Hoyer noted, the report was generally favorable. The Commission, has justifiably been pleased with the overall findings in the report, and we have said so repeatedly. It found that we were doing business in a non-partisan manner, and fairly and equitably enforcing the law which is important to us. We are very pleased with that finding.

If I can give a message to this committee, though, it is to tell you, and the Members of Congress that you represent, that the Commissioners are fully aware that the report identified a number of areas in which we should improve our operations. We are committed to making those changes. We are moving forward in those areas.

In my written statement, I referred to several recommendations in the audit report that would have required legislative action, that we have endorsed. We have unanimously approved two of those recommendations in the report as recommendations from the Commission for legislative action, and already sent those to Congress.

We will be following up with more in the future, but those two were of significant importance to us, and we felt would assist us in operating more efficiently and effectively. So we wanted to get those over at an early stage to indicate the level of importance which we attach to them.

I referred briefly in my written statement to the fact that we are moving—the Commission itself is moving ahead in other areas in which the audit report said that we could act on our own—but I did not go into any detail on those. This morning, I want to take this opportunity to give you a few examples of areas in which we are taking those internal steps to demonstrate the level of our commitment, or that we are committed to moving on those on our own.

These recommendations range from the mundane to the esoteric to the long-term, as may be demonstrated by these examples. For instance, in the disclosure area, the audit report recommendation number 6 is to establish an Internet connection in our Public Records office so that people visiting the Commission for the purpose of looking at the records of disclosures statements filed by the regulated community, could access those records through an Internet connection that they might be more familiar with and have

more comfort in using, than going through the access that we otherwise provide.

We have already developed this and implemented it as a pilot program to see how it works and how it might be changed before we add the additional computer terminals that are required to fully implement it. But we have moved forward on taking that small step, which is important to the public that visits us and accesses our disclosure records.

In the area of enforcement concerning the General Counsel's office, the audit report recommendation, number 12 is to develop an offensive descriptive profile to determine future trends. Now, "offensive descriptive profile" is, to me, both a combination of consultant-speak and a technical term used internally in the Commission, and doesn't really say much. But what it means is that we should develop an analysis of the trends in violations of different provisions of the Federal Election Campaign Act that we enforce, so that we can determine what areas of enforcement need attention the most in the future. The Commission can stay ahead of the curve and keep the violations down by focusing our enforcement actions in those areas in which it is most needed to achieve an overall voluntary compliance with the law.

Mr. HOYER. Mr. Chairman, it sounds to me a little bit like a Customs concept. We may be carrying the bad stuff.

Mr. WOLD. It is a profile, yes, of that area. And in a sense that is what it is, but the idea of any enforcement program, I think, from a regulatory agency or a law enforcement agency, is not to achieve 100 percent enforcement, because that is virtually impossible. What we try to achieve is a sufficient level of enforcement so that it encourages voluntary compliance with the law. The audit report noted that we have achieved a very high degree of voluntary compliance. But we need to stay ahead of the violation curve, if we can, to continue to achieve that without trying to catch up after the fact.

So we think that recommendation makes sense, and it is something that we should be doing, and we are moving ahead to do it. The finance committee, with the approval of the full commission, now has authorized a \$50,000 expenditure out of the the \$1.12 million that was earmarked for enforcement actions in our fiscal year 1999 budget, to engage a consultant to advise us on the structure and completion of that offensive profile—to tell us where to go in other Federal agencies that have compliance programs, to see how they analyze their enforcement programs in terms of violations so we can develop that capability, that management tool for ourselves.

We have also directed our General Counsel and our Staff Director to develop a statement of work for that consultant contract, and within the next few weeks we should have that ready to go out for a bid. We are moving ahead on that item.

Recommendation number 14 in the audit report concerning the enforcement program was to complete our case management system. This is a system that has been under development for some period of time, longer frankly, than the Commission originally expected it would take. But it has expanded in its scope in the months which it was under development, and the stage we are at now is that within a few weeks, we will begin the training of the

user staff in the General Counsel's office to use the program that now has been put in place.

That training is expected to take 8 to 10 weeks to complete. They calculate that there are about 200 days needed all together to train the employees that will be users of that system. And then, after that is completed, it will be ready to be implemented, and we can begin determining how we can use it best as a management tool from the Commissioner's standpoint, for oversight over the General Counsel's office and within the General Counsel's office for better management of the work load in that office. That is another area in which we have moved ahead on a recommendation.

Recommendation number 16 from the audit report was to select a Staff Director. As you know, we have had a vacancy in that position since our Staff Director, John Surina, left, which was at the end of July of last year just before I and the new commissioners came on board. The position has been vacant since that time and our Deputy Staff Director, James Pehrkon, has been our acting Director in the intervening months.

The Commission deliberately postponed filling that position during the pendency of the PricewaterhouseCoopers audit and pending the receipt of the report so that we could have the benefit of any recommendations that it might make for major changes in the structure or operation of the agency.

We also postponed the decision of hiring a new Staff Director in fairness to the applicants for that position, to let them know what, if any, changes they might be getting into in coming on board. We wanted them to see the audit report first.

We did initially go out—we posted the opening and received applications, and we got, I believe it was 256 applications. We pared that down to about 13 to 15, that we believed were good candidates on paper; and as soon as the audit report was received in late January, we began scheduling interviews out of that pool and in the last few weeks the full Commission has interviewed the nine that we pared it down to. We are now checking the backgrounds and references and scheduling probably a second round of interviews after making another cut at the pool.

So we are moving ahead with the appointment of a full-time—of a permanent Staff Director which we expect to have completed within the next few weeks. One of the—a number of questions that we have directed to each of the applicants has been their ability to facilitate and implement change in the Commission, along the lines of the recommendations in the audit report and in other areas that we as Commissioners would feel would be appropriate. So we are trying to use that audit report to our benefit in selecting a new Staff Director.

One other recommendation for the overall benefit of the Commission was number 19, to develop a performance appraisal process for the top staff below the Staff Director and General Counsel in the Commission. And we are moving ahead on that. We have had a vacancy in the position of Personnel Director for a number of months. We have now filled that position with a new individual to come on board in the next week or two. I believe an important aspect of that individual's background is experience in developing performance appraisal procedures for top management, and that will be

one of the first tasks that will be given to our new Personnel Director, to implement that recommendation in the PwC audit report.

These particular examples may not be substantively meaningful to the members of the committee, but overall I think they demonstrate that we have, the Commissioners have a commitment to pursuing those recommendations. We take them seriously and we are following through on that commitment. We will continue to do so.

Overall, we hope that the audit report and our performance during the past year will give this committee and Congress the confidence in our agency—in our performance in carrying out our statutory mandates and in our stewardship of the public's money that we use to conduct our business so you will have the confidence to authorize our budget as we have submitted it and we request its adoption.

Thank you very much for this opportunity.

Mr. KOLBE. Thank you very much, Commissioner, for the statement.

[The information follows:]



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

Statement of

**Darryl R. Wold, Vice Chairman
Federal Election Commission**

before the
Subcommittee on Treasury, Postal Service and General Government
of the
U.S. House Committee on Appropriations

March 9, 1999

in support of the FEC's
Fiscal Year 2000 Appropriation Request

On behalf of the Federal Election Commission, it is my privilege to present the agency's fiscal year 2000 budget request.

I am pleased to report that this year the FEC is seeking only a modest increase over our current FY 1999 budget of \$36,850,000 and FTE of 347. Our FY 2000 appropriation request is for \$38,516,000, an increase of \$1,666,000 or 4.5%, and for 356.5 FTE, an increase of nine or 2.7%. This funding and staffing level is supported by the Administration.

The FY 2000 incremental increase over the FEC's FY 1999 level can be briefly summarized as follows. Approximately \$1,336,500 of the increase is for inflation in costs at our present level of operations: \$991,500 in additional costs of existing personnel, including normal within grade increases; career ladder promotions; cost of living adjustments; mandated increases in retirement fund contributions and insurance costs; and \$345,000 in ongoing non-personnel costs, including GSA rental rates, and normal overhead costs such as phones, equipment, and supplies. This is offset by \$778,500 in decreases for items funded in FY 1999 but not required in FY 2000 (resulting in a net 1.5 percent increase).

The \$1,108,000 remaining net increase (3.0 percent) is for additional resources in program areas: \$452,000 for the FEC's ongoing enhanced information technology initiatives and the electronic filing program; and \$656,000 for the nine additional FTE requested, primarily for compliance matters. Three of these nine would be added to the Audit Division to handle the anticipated increase in the number of funding requests in the Presidential matching fund program and resulting audits; and six of these would be added in the General Counsel's office to improve our compliance effort, both in regular enforcement matters and in the Presidential public funding

program. These increases are explained in more detail in our Budget Justification recently submitted to Congress and the Office of Management and Budget.

I also am pleased to present this budget request in light of the recently-completed study of the FEC by PricewaterhouseCoopers (PwC), undertaken at the behest of the House and Senate Appropriations and House Oversight Committees. That study, as those Members who have had the occasion to review it know, engaged in a detailed and comprehensive examination of how fairly and effectively the FEC carries out its statutory functions. The results of the study were presented to Congress in late January. We believe that our budget request, including the modest increase over the current fiscal year, is consistent with, and justified by, the PwC Report and the recommendations it contains.

Because the PwC Report can be an important tool for Congress to assess the performance of the FEC and its budgetary needs, I want to briefly comment on that Report.

First, the FEC is of course very gratified at the overall favorable tenor of the Report, which we hope will give Congress confidence in the agency and in our handling of previous appropriations. The Report concluded, among other findings, that the FEC operates in a fair and ethical manner; routinely meets disclosure deadlines in providing detailed campaign finance information to the public; emphasizes voluntary compliance with the law, which is observed by the vast majority of participants in the election process; and achieves a high level of satisfaction among users of its services. Of particular significance to budget considerations, the Report found that the FEC has increased its productivity in the processing, review, and dissemination of campaign finance transactions in the face of increasing workloads; has made substantial progress in enhancing and upgrading its computing capabilities; appears to have adhered to Congressional instructions for earmarking appropriations for computerization modernization and electronic

filing; has successfully fostered strategic initiatives in its disclosure and compliance programs to increase efficiency and effectiveness; and maintains a reliable management information system used for measuring program results, allocating resources, and formulating Budget Justifications.

At the same time, our agency takes very seriously the areas in which the Report noted the need for improvement. We believe the PwC Report has provided an invaluable service in identifying those areas in need of improvement, and in suggesting changes that should be considered. I feel free to tell Members of Congress that one major consideration that the Commissioners have voiced, in their current task of interviewing applicants to fill the vacant position of Staff Director, has been the ability of the applicant to identify means to achieve necessary change and to provide the leadership to successfully make those changes.

A number of areas identified for improvement in the PwC Report must be conducted internally. Chairman Scott Thomas has asked the Commission to study those areas and, in fact, we are pleased to report that we are already implementing many of the PwC recommendations.

Other important changes require Congressional action. In its annual review of legislative recommendations, the Commission has unanimously endorsed three recommendations for legislative action, two of which were identified in the PwC Report. The Commission believes these three recommendations have such significant importance to the efficient and effective functioning of the agency, that they will be conveyed to Congress as priority considerations, separate from the full package of legislative recommendations that will follow later. These priority recommendations, in brief, are that: (1) Congress give the FEC authority to require electronic filing; (2) Congress revise the law to require authorized candidate committees to report on a campaign-to-date basis, rather than a calendar year cycle; and (3) Congress consider revising the provision that limits individual contributions to \$25,000 per year so that

contributions count against the limit in the year in which they are made, not the year in which the recipient's election is held.

The Commission also believes that the funding increases are requested in program areas consistent with the recommendations of the PwC Report. The Report strongly supports increased capability for the FEC in information technology and electronic filing. The increased funding request of \$452,000 for enhanced information technology initiatives and the electronic filing program is consistent with the Report's emphasis on the need for enhanced capabilities in this area.

As noted above, of the nine additional FTE requested, three would be added to the Audit Division to handle the anticipated increase in the number of funding requests in the Presidential matching fund program and resulting audits. The PwC Report noted that the FEC has successfully restructured its audit systems to complete the Presidential audits within a targeted two years after the election. With the increased number of candidates anticipated during the 2000 Presidential election cycle, however, we believe that this increased FTE level will be necessary to enable us to timely process funding requests, and to continue to meet our two-year goal for completion of audits.

In addition, six of the additional FTE would be added in the General Counsel's office to improve our compliance efforts, both in regular enforcement matters and in the Presidential public funding program. As noted in the PwC Report, the FEC continues to dismiss a significant number of enforcement cases, either because the case has become stale—that is, the passage of time since the events occurred has made it unlikely that the case could be successfully enforced—or because the case was rated by the General Counsel's enforcement priority system as a low priority for enforcement action, because of the nature of the violation and other factors.

These dismissals—for both reasons—are a continuing concern to the Commission, and we believe that the requested increase in FTE for enforcement purposes is fully justified.

After the foregoing somewhat lengthy introduction, I want to provide a brief overview of each of the four core program areas into which the FEC has organized its activities for purposes of the Government Performance and Results Act, and relate those areas to the FEC's overall FY 2000 budget request.

A. Disclosure

The FEC's Disclosure program includes not only the review and placement of information on the public record, but also assistance to the public and the regulated community in understanding the law and regulations. It accounts for over a third of the agency's staffing (106 FTE), distributed among our Public Records Office, the Data Systems Development Division, the Reports Analysis Division, the Press Office, the Information Office and those elements of the Office of General Counsel that formulate proposed regulations and draft responses to advisory opinion requests.

Increasing productivity has generally enabled the FEC to keep pace with the large increases in federal campaign finance activity during recent election cycles. Campaign finance activity has nearly doubled in the last 12 years. Total disbursements for a non-Presidential election cycle have increased from \$1.1 billion in 1986, to \$2 billion for the 1998 congressional cycle—a 82 percent increase. The increase from the 1988 Presidential cycle to the 1996 cycle was from \$1.6 billion, to \$2.7 billion, or 69 percent. We have handled these rising workloads with increased productivity.

With Congress' support, the FEC has made the greatest technical strides in our disclosure program. We rapidly and successfully inaugurated an Internet service to enable anyone with

access to the World Wide Web to view digital images of most campaign finance reports. We also have developed software that enables committees to file electronically—either by diskette, dial-up modem or over the Internet. This software is free to registered committees and to the vendor community serving political committees. We are actively pursuing creative ways to encourage more filers to file electronically. For example, we have contracted with two vendors servicing the regulated community who have incorporated FEC software into their campaign finance programs.

Creating this software and building the hardware and telecommunications capability for electronic filing has been a challenge. It also has been expensive. The FY 1996-2002 costs for establishing and maintaining this capability is about \$7.8 million. The average annual cost is about \$1.1 million, as compared with \$100,000 annually for manually keying in the information. Of course, the manual process, while accurate and inexpensive, is relatively slow, currently taking about 26 days after a reporting date before 95 percent of all itemized contributions are captured. The new system offers the capability of instantly updating our database and expanding the types of information collected.

In order to yield the return in timeliness and work process improvements that this system affords, however, we need mandatory electronic filing. The PwC audit endorses this recommendation. Despite our efforts, apparently large numbers of committees may not file electronically unless mandated to do so. About 7,463 political committees are registered with the FEC. Of the 5,698 that filed 1998 year-end reports, only 263 filed electronically—191 PACs, 59 House challengers and 8 House incumbents. For all the others, filing on paper, we must continue our in-house coding and contract keyboarding of data.

B. Compliance

Obtaining voluntary compliance is the foundation of the FEC's strategic and performance plans, and is at the core of our mission statement. A credible enforcement program, however, is necessary to provide sufficient incentive to the regulated community to achieve this voluntary compliance. Congress has provided funds for information technology to support our enforcement program. We are applying those funds to image and organize in a database the hundreds of thousands of pages of documents involved. We also have continued work on the development and implementation of a comprehensive case management system that will help the Commission to manage enforcement workloads in the General Counsel's office and measure performance.

The timely and thorough investigation of enforcement matters, however, also requires human resources. Analyzing records, taking depositions, and drafting the reports, interrogatories, subpoenas and briefs associated with these cases takes auditors, investigators and lawyers. As of February 1, 1999, we had 208 cases on our enforcement docket dealing with 3,203 respondents. Also as of February 1, only 51 percent of our total caseload of 208 cases was actively assigned to enforcement staff. In the audit track, the FEC was able to initiate audits "for cause" for only 17 out of about 8,000 1996 cycle committees.

In FY 1999, we project assigning 109 FTE to the compliance function (including supervisory and support staff of several divisions).

The FEC continues to use its Enforcement Priority System (EPS) in the General Counsel's office to prioritize cases for substantive enforcement action. This system is designed to provide a consistent and impartial ranking of cases based on the relative seriousness of the alleged violations, and gives us a tool to match the seriousness of a particular case to the

resources available to undertake an enforcement action. At existing staffing levels in the General Counsel's office, however, a disappointingly high number of cases must be dismissed every year, either because they are ranked too low on the EPS to be activated for further action, or because they are too old to be effectively pursued, notwithstanding that they may contain allegations of serious violations. In FY 1998 alone, we had to dismiss 86 stale cases.

As noted above, we are seeking an additional 6 FTE for compliance functions in FY 2000 which will help us further improve our timeliness. The additional staff hired in FY 1999 already have allowed us to move from an average active caseload of 93 in FY 1998 to an average active caseload of 106 in FY 1999, a 13.9 percent increase. The additional compliance resources we seek today, will enable us to move more quickly on cases and to get to more of the serious cases that we should be investigating, as identified through the Enforcement Priority System.

C. Public Funding

The Commission is responsible for administering the program that provides a public subsidy for the Presidential election campaigns. During FY 2000, approximately 42 FTE from the Audit Division, Office of General Counsel, and Data Systems Development Division will be involved in certifying the eligibility of primary candidates for matching funds and processing monthly submissions for funding awards beginning January 1, 2000. During the election year itself, as well as the year immediately following the Presidential election, this program shifts to the audit mode to verify that public funds were properly handled. Because more candidates are expected to qualify for public funds in 2000 than in 1996, three additional auditors are requested. The 2000 Presidential election is essentially "open" for both major parties, and is expected to be heavily contested in both the primary and general elections. The additional staff will help ensure

the 2000 cycle Presidential audits are completed within two years of the general election, while enabling a credible "for cause" audit program for other committees to function as well.

Although not included in our budget, we feel that it is appropriate to bring to Congress' attention the potential significant shortfall in the Presidential public funding program in the 2000 election year. The Treasury Department maintains the accounts from which funds are disbursed on a matching basis to the primary candidates, and as grants for the national nominating conventions and for the general election candidates. Funds for these accounts are derived by tallying the number of taxpayer check-offs on each year's personal income tax returns. Absent congressional action, the public funding program faces shortfalls because of declining participation in the check-off program and the failure to index contributions to inflation, while the pay-outs are indexed. This shortfall will impact primary candidates. In fact, we project the fund will provide for only 40 percent, or less, of the eligible funds that candidates competing for their party's nomination will be entitled to receive in January of 2000.

D. Election Administration

The FEC has a five-person Office of Election Administration that provides technical and informational support to the many thousands of election administrators at the state and local level. During FY 2000, the Office will assist state election officials in implementing the National Voter Registration Act, will collect data on the impact of that law on election administration, and will report to Congress by June 30, 2000.

The Office also will continue work on its update of the Voting Systems Standards Report, originally issued in 1990, in order to address new technologies developed since then. In addition, the office will conduct and oversee research contracts on issues of concern to election administrators.

The foregoing summarizes the FEC's FY 2000 budget request. I urge members of the Committee to consult our more detailed Budget Justification. It contains charts to show how our budget request would be allocated and how it compares to previous years. It also demonstrates how the FEC has developed and used strategic and performance planning.

The FEC's Commissioners respectfully request approval of this budget request so the agency may continue to perform its statutory mandates in fiscal year 2000.

STAFFING LEVELS

Mr. KOLBE. We will adhere to the 5-minute rule so we can get around to a second round of questions.

Mr. Hoyer quoted the opening sentences of the summary of the PricewaterhouseCoopers report. I want to emphasize, as I also said, that I think it is a positive report; and I think that is to your credit. But we don't want to stand on our laurels either. If we did, that would simply be ignoring our oversight responsibility.

I would note that the next two sentences of the report, although not critical of FEC, note the challenges that it faces in the future and says, "the FEC's future success will require that it aggressively pursue both incremental and significant changes in organizational work process, technology and management practice. Failure to change will lessen the FEC's capacity to meet its basic Election Campaign Act requirements and require ever-increasing staff resources."

I think our function here today is to try, in a positive way, to work with you in an oversight fashion to find ways in which we can together make sure that you are meeting the mandates that we have and do it in as efficient a way as possible.

I would like to begin by asking some questions about your staffing levels. Last year, you requested 360.5 FTE; and after a lot of back and forth with this subcommittee on both sides of the Capitol, we ended up at 347. Your justifications show your current onboard strength, and I don't know what date this was, as exactly 337 FTE. You might tell me what it is as of today and why aren't you able to get hired up to your fully authorized level?

Mr. WOLD. As I understand it, Mr. Chairman, that figure that you gave is our current FTE as of this point in time. [CLERK'S NOTE.—The FEC subsequently changed this to read: "that figure that you gave is our projection of the cumulative FTE for fiscal year 1999. As of this point in time, we have 317. Our cumulative will be about 10 below what has been authorized."] It is about 10 below what has been authorized. Your question—the aspect of your question that addresses why aren't we at our authorized level and won't be by the end of the year is an appropriate one. It is due to at least a couple of major factors.

One is that the authorization of 347 for fiscal year 1999 was a very substantial increase over the level authorized for fiscal year 1998. The 1998 authorized level was 313. We actually ended the year at only 302. So we started at a relatively low base to staff up to 347.

On the other hand, the budget that authorized the 347 was approved relatively late in the budget process last year, so we have not had a long period of time in which to staff up. We have been making progress on that, but it is a relatively slow process. It is not something that can be done overnight, given the nature of the staff that we have to add.

A good deal of our staff that we add are either professional auditors or professional attorneys.

Mr. KOLBE. Let me interrupt right there. You make reference to the fact that you are seeking nine new positions, six of which are in the General Counsel's Office for compliance. What is the number

you have now for the General Counsel's Office and how many do you have on board now before you seek six additional personnel?

Mr. WOLD. Current onboard strength in the General Counsel's Office is 106. And we expect to—in the staffing process, we expect an additional eight within the next 30 days, bringing us up to—

Mr. KOLBE. Eight in the next 30 days?

Mr. WOLD. Yes. Over the past several months, openings have been posted, and an applicant pool has been obtained. The interviews have been conducted, and some offers are out, and the General Counsel's Office expects more offers to go out very shortly.

Mr. KOLBE. So that would bring you to 114?

Mr. WOLD. Yes.

Mr. KOLBE. Is that as far as you would go under the current 347 FTE level?

Mr. WOLD. I believe the authorized level in the General Counsel's Office under the 347 FTE agencywide is 115. So it would bring us very close.

Mr. KOLBE. Within one.

Mr. WOLD. It won't reach that 115 FTE for the year, because it has taken a while to get to that level. But the onboard level is approaching that, and it will certainly probably be there and maybe surpass it by the end of the fiscal year.

CONSTRUCTION COSTS

Mr. KOLBE. Okay. You also made note of the fact that and your budget justifications suggest that, with personnel costs savings the FEC has moved to undertake appropriate projects in infrastructure development. I might just say, as has been evident from the fact of staff discussions, as you know, this raises a real big, huge red flag with us. I mean, here we have got this big fight over how much you are going to get for personnel, and the first thing we see is that you are going to take the money from the personnel and use it for renovations. What is the amount of savings that you have estimated from not being fully staffed?

Mr. WOLD. I believe the overall figure has been \$954,000.

Mr. KOLBE. And what are the specific projects you would propose to initiate with those savings?

Mr. WOLD. Well, the reallocations that have been approved by the Commission include \$558,550 in construction—this is taken from the table on page 8 of our justification—in construction and renovation work. On top of that, \$100,000 for our voting system standards work in the Office of Election Administration. And it has been variously allocated to other line items. But the largest amount, the amount you started to question for construction renovation, is \$558,000.

Now, that was—let me add that that is not simply to spend it on redecorating our offices or renovating. This came as a lease renewal in the ordinary course of business where GSA has come in to renovate the space, which I understand occurs on a regular basis over the years. That is not what we are spending that money on.

As part of that process, there is construction work that is necessary. They are adding a sprinkler system in many of the offices. We are in a very old building.

Mr. KOLBE. My time is up, but if the members would indulge me to finish this line of questioning, let me ask you one final question.

In your appropriation last year you had a \$1.12 million earmark which we fenced with the requirement that you come up with a plan.

Mr. WOLD. Right.

Mr. KOLBE. It was that plan which you submitted in January which caused some discussion with our staff, and you have withdrawn it. My question to you is, are these renovations that you are talking about the same things that you were talking about in that plan that you were going to do with the money that we had some raised some eyebrows with the staff about?

Mr. WOLD. Yes.

Mr. KOLBE. So you are proposing just to take another source of funds.

Mr. WOLD. From a different—

Mr. KOLBE [continuing]. From personnel savings—

Mr. WOLD. From savings.

Mr. KOLBE [continuing]. And use it for renovations?

Mr. WOLD. Yes.

Mr. KOLBE. And none of this was included in your 1999 request.

Mr. WOLD. That is correct.

Mr. KOLBE. I mean, you add personnel. Don't you assume you have to have some costs for new space and renovation and stuff?

Mr. WOLD. Well, this space isn't only to provide for the new staff. It is necessitated because of the renovations that were undertaken by GSA in connection with our lease renewal where we had to move to different space to provide for a lot of construction to go forward in our existing offices. Once we learned, which we were not aware of at the start when we submitted our budget request for fiscal year 1999, but once it became apparent in starting to plan for those renovations that were being undertaken by GSA—it became apparent that it was going to be too disruptive to the staff to enable them to work in their existing offices.

GSA has provided us with other office space, referred to as swing space, temporary space, at 800 North Capitol. Some of that space has been provided to us free of cost to move staff into while their offices are being renovated and the construction is going on. Then they will move back into their offices and other staff will move over there.

We are just moving staff around so, sequentially, we can do the construction throughout the building. But we have had to do some construction work at that new space to make it suitable. We have also had to pay rent for some of the extra space we need at that location.

So that is why it came up. We weren't aware of it in our budget request, and we felt it an appropriate and necessary expenditure to make to allow us to continue to work while those renovations are going on.

Mr. KOLBE. I might have some more questions. I definitely exceeded my time.

CONSTRUCTION COSTS

Mr. HOYER. Mr. Wold, let me put the budget in context. Am I correct that all six of the commissioners support the budget as submitted?

Mr. WOLD. That is right.

Mr. HOYER. With respect to these construction costs, I was not going to ask this question, but, to follow up on the chairman's questions, you started to indicate that sprinklers were part of the renovation that is occurring, in other words, getting up to code, I presume that this is Commission space that was leased prior to the code requirements for sprinklers in Commission buildings?

Mr. WOLD. That is what I understand, Congressman, yes.

Mr. HOYER. Okay. We have done that in Longworth as well and some of the other buildings. And the commissioner believed that that money is necessary, and all six commissioners believe that money is necessary to be spent?

Mr. WOLD. Yes. That reallocation has been approved by the full Commission, yes, unanimously.

Mr. HOYER. Let me—

Mr. WOLD. I should add we have quizzed our staff in our Finance Committee meetings. We have quizzed them extensively, asking how did this happen, why are we doing it and why didn't we know about it—the same question the committee is asking.

Mr. HOYER. Mr. Wold, let me ask, there is nobody on this committee on this side of the aisle and I know on the other side of the aisle who wants to waste a single nickel of the taxpayer's dollars. But there are some people on our side of the aisle, very frankly, who think that raising the red flag of waste is good politically. Not the chairman, the chairman is very sincere in this. But, very frankly—and this is probably where you and I disagree—I was forgetting where the waste, fraud and abuse was, just like President Reagan.

And I think there is waste, fraud and abuse in just about everything human beings do, fraud maybe not, but waste and abuse. And I give the example of my grandchild. She now doesn't do this but would use half a toilet paper roll sitting and, you know, that is waste. I don't think it is fraud. I may think it is abuse. And I tell her, you know, you don't need all of that, but the fact is that is waste. We need to get rid of it.

But the substantive problems of how you do your business and the job you have, my point being, needs to be done. And I am assuming—and the reason I said at the beginning I am glad you are on board, I want you to look at this carefully, and if there is waste, fraud and abuse I want you to get rid of it, and my side of the aisle wants you to get rid of it. What we don't want to do is have your agency or any agency subjected to allegations and constant investigations that essentially come up dry.

PWC RECOMMENDATIONS

Now, very frankly, the recommendations you read of the—how many are there, 20—

Mr. WOLD. Twenty-some odd.

Mr. HOYER [continuing]. 21 recommendations, and you read a number of them dealt with ways you can better do business. I can't

imagine that any of our offices wouldn't be subject to similar analysis by ourselves. And the chairman is absolutely right. We have got to keep after that. The Vice President says we need to keep re-inventing. The chairman says we need to keep looking at this in our oversight responsibility, and he is absolutely right.

And, very frankly, pressure helps. Because if you get extrinsic pressure from this committee or an audit, it helps you look at it better in a nonpartisan, bipartisan management sense. So I am for that.

But if this construction is needed, it is—from what I understand, it is for safety, as well as trying to make the efficiencies of the office work better. So we may have to reallocate some things.

INFORMATION TECHNOLOGY DESIGN

Give us an update on the FEC's implementations of the various technologies to design and to improve disclosure capabilities. Obviously, a significant portion, your two big solutions are disclosure and compliance. Disclosure is critical, because that allows citizens to know what money is being given to political candidates so they can make a judgment. Is that affecting their judgment?

And Chairman Livingston, who has now left the Congress, was very focused on the fact and there is some discussion in the audit report that your technology was not up to speed therefore, you were requiring more people. That was the point that the chairman was making. And if your technology was up to speed, you wouldn't need the people because your productivity would be heightened.

So give us an update on for instance, digital imaging in terms of disclosure, so you can get out to people automated case management and electronic filing, and you might want to mention those three in the course of your answer.

Mr. WOLD. Congressman, with your permission, I would turn to our Chairman, Commissioner Thomas, to answer this. He has longer experience with this than I do, and he can probably give a more thorough answer than I could.

Mr. HOYER. Thank you.

Mr. THOMAS. This is unfair. It is only because in our preparation meeting the other day I threw out the term relational database management system.

Mr. WOLD. I figured anybody that knows that term knows what they are talking about.

Mr. HOYER. Anybody who knows that term deserves to have this question referred to them.

Mr. THOMAS. I guess that is the way I have to look at it.

Well, with regard to the concept of what we have done with information technology to improve the disclosure function, first let me just say I want to thank this committee for encouraging us to spend money and develop that area, because it has helped.

You mentioned three very positive developments. Imaging technology has enabled us to use the Internet, which is accessible by millions of Americans to see the images of campaign finance reports that are filed by Members of the House, for example, and parties. So that is available for everybody to see within hours after those reports are filed at the FEC.

The case management project was referred to by the chairman. We are well on our way to implementation. That should enable the staff and the Counsel's office to really track where the cases are, to help us identify relevant management information so that we can better plan how to use our enforcement resources. We should be a better, more efficient operation using that.

ELECTRONIC FILING

Electronic filing, that probably, from the PricewaterhouseCoopers report, becomes the number one recommendation. And there are lots of efficiencies that get built into our process if we can have more electronic filing. The recommendation is that Congress helps us by giving us the authority to mandate electronic filing. We are not getting a lot of committees to file, but that would greatly improve the efficiency of the disclosure function as well.

Mr. HOYER. It is my understanding 263 out of 5,000 plus file electronically of the committees that you oversee?

Mr. THOMAS. That is right.

Mr. HOYER. Let me tell you something about the audit report. This is a little bit like the Grace report that said, if you didn't do cost of living for Social Security you would save money. Well, yeah, I agree with that. That may for—my friend for the Heritage Foundation somewhat not accurately exactly discloses it. But the bottom line was what the Grace Commission did, in fact, was not look at waste, fraud and abuse per se, they looked at policies that cost money that they thought were not good policies.

That is a fair statement, but it is neither waste, fraud or abuse; and that was my point. I look at my friend from the Heritage Foundation feeling that he perhaps would take umbrage at my characterization.

The electronic filing—my point is, it is nice to say in the audit report I agree with him. And you and I have discussed that. The three of us discussed it yesterday. I am going to ask you a question to follow up on this, but clearly that is going to help.

But that is not mismanagement or failure to be efficient. It is, if we can get people to file electronically, and probably the only way we are going to do it, because only 263 out of 5,000 plus do it now, is to require that they do.

In that—my time is up. I will go to the second round.

But let me ask you on that, do you believe there ought to be a threshold? Have you talked about the threshold? Because it seems to me Congress is going to have to talk about that. Because, as the three of us discussed in my office, there are some people who might want to run against me but who don't have a sophisticated system in place and may not be able to file electronically. And we do not want to preclude them from running against me. I may, but probably the general public won't.

Mr. THOMAS. We don't either.

Mr. HOYER. You don't. Fair.

Have you talked about that? Electronic filing I think we ought to go to for those folks who can afford it and do it. What do you think the proper threshold would be?

Mr. WOLD. First, we have not discussed a particular level of what the threshold should be. I think all the Commissioners are

aware there has to be some threshold below which we should not impose the requirement that new technology be adopted by the campaign committee. People want to run for office, they don't want to spend a lot of money taking away from what mail they can send out, to buy a computer and the software and learn how to run it if they are a relatively small committee. So there has to be some level there.

I think if the Commission were given the discretion we would be looking at a variety of factors, maybe different types of committees between candidate committees, party committees and what we call nonauthorized committees—as we refer to PACs. They have different filing volumes and different information that they are reporting, different schedules and so on. So we would look at all of that.

But if we wanted to take a rough cut at a level, the figure that you inquired about, Congressman, we were discussing this yesterday. What about \$100,000 as a measure of annual receipts in an election year for a committee? We did pull off those figures. These are subject to revision. This is a quick take at it by the staff. Of the approximately 5,500 committees that filed year-end reports for 1998, those that exceeded reported contributions of \$100,000 or more were 1,874.

That means 3,677 were below that threshold. So less, far less, than half—about $\frac{1}{3}$ —exceeded the \$100,000 level, but that $\frac{1}{3}$ represents the biggest filers and by far the majority of the paperwork.

Further refinement of those figures and more detailed analysis would take time to do. And we will certainly work with Congress to do that, if Congress wants to set the threshold itself.

As I suggested yesterday it might—you know, the more discretion that the Congress feels is appropriate to give the Commission in that regard—I think we would carry out our role responsibly and not impose an unreasonably low threshold.

And my recommendation would be that we consider working into it. We should start at a high level with the major filers and gradually work down over time to give people time. We have to be concerned about our ability to handle those filings. Our staff tells us we can accept electronic filings from everyone now. My natural skepticism says, well, on paper we can. There are going to be problems, though, we didn't anticipate.

And we will need time to work out those problems, but we also need to look at it from the standpoint of the filers. It is going to take them a long time to figure out how they do this. The major filers are going to have to reconfigure their reporting—their record-keeping reporting systems to conform to what we would require in electronic filings, and that is going to take them time.

The smaller filers are going to have—who don't have professional staff, consultants and so on to do that—are going to have a lot of questions for us that we probably haven't anticipated, and that is going to be a volume of work for us to explain to them how you do this and how it all works.

So it is going to take time, and it is going to be a big effort to implement it. But in the long run it has to be done. Because of that time factor, we have suggested that this be implemented or required initially for the 2002 election cycle, rather than try to put

it in place for next year's election cycle, because that is a very short time frame to require people to move to electronic filing who aren't already prepared to do it.

Mr. HOYER. Thank you.

Mr. KOLBE. Ms. Meek.

ELECTRONIC FILING

Mrs. MEEK. As to electronic filing, I did want to reemphasize the fact that there are many small committees that would not be able to meet the guidelines.

To increase Electronic FEC filing, you might even think of some incentives.

If you could think of some incentives, Committees might be more apt to try electronic filing.

My committee has always wanted to file everything by paper and pencil, even though we do have computers. They would rather just do it by hand to be sure there are no errors. I am sure there would still be some of those kinds of committees around.

My other question regarding electronic filing has to do with the claimed time savings. Have you considered the amount of time you are going to save by the new kinds of technology that you are going to use, or are these just propositions that you are testing? Do you have any real evidence as to how much time you are going to save?

Mr. WOLD. I haven't seen any figures attempting to quantify the savings in time. What we have looked at is the workload in the divisions in our agency that handle and process the filings and how much they are doing virtually by hand now. And in projecting the additional workload or the personnel that would be required to handle an increase in number of filings in the future, we have said, overall, we can't go on doing it the way we are. If we do have to go on that way, if we cannot mandate electronic filing and we cannot encourage enough voluntary electronic filing, then we will simply devote more staff to increasing workload.

I am sorry I am not able to give you a quantification of the savings in time.

Mr. Thomas, do you have anything to add to that?

Mr. THOMAS. Just very briefly, the ability to have electronic filing does allow us to get the data into our database roughly within 48 hours of the report being received. That is compared with our current system where we have to send the reports out for entry to a contractor, and to get 95 percent of our data it takes us about 26 days. So you are moving it from 26 days to 48 hours if you get a comprehensive electronic filing system, at least for the electronic filers.

Mrs. MEEK. Thank you.

FY 1999 EARMARK OF \$1.12 MILLION

At page 6 of your budget justification, you say that, in effect, for the fiscal year 2000, the Commission has allocated to personnel costs the same amount expended in fiscal year 1999 on one-time nonpersonnel costs. How much did you actually spend of the \$1.12 million earmarked in the FEC's 1999 appropriations for some of the compliance initiatives, not involving staff hires, that do not involve personnel?

Mr. WOLD. Well, first, we have not spent any of it for personnel, because we are precluded from doing that by instructions from the Congress. We have allocated the full \$1.12 million now, and we will be submitting that proposal to Congress for approval. This committee should have that during this coming week, because the Commission has approved the allocations.

Mrs. MEEK. So what will you do with the other \$442,000?

Mr. WOLD. That is going for several programs. I can run over those briefly. Those include one I am glad to have the opportunity to mention because it is an innovative idea. It wasn't specifically mentioned in the PricewaterhouseCoopers report, but I think it will help us in our compliance and enforcement efforts. We plan to develop what we have referred to as an alternative dispute resolution program, through voluntary participation in this program by respondents who would be subject to enforcement action. We are trying to reach a conclusion or a resolution of that enforcement action without having to go through our time-consuming and somewhat cumbersome regular enforcement track and get an early resolution, a speedy resolution for relatively routine violations.

We hope it will be seen as an advantage to the respondents who want to get the matter over with quickly and without having to spend a lot of time following us through our regular enforcement steps. But we are going to try that as a pilot project.

That was initiated at the suggestion of one of our new commissioners, Karl Sandstrom, who has experience with enforcement and adjudicatory matters and how to get matters like this resolved. He pushed us into developing this program, and we are going to try to implement it on a pilot project basis to see how well it works and how much participation we get in it. And if we do get the participation we hope for that will help us deal with some of the cases that we have to dismiss now because they are stale. They are relatively low in the enforcement priority system, but they do get dismissed eventually because they get too stale. And we may be able even to enforce, bring in some that fall below the level in which we would ordinarily activate them. And that was \$100,000 of that \$1.12 million.

Mrs. MEEK. Excuse me, Chairman Wold, I know it is going to take more time than I anticipated for you to tell me what you did with that little bit of money and so I will submit my other questions for the record, Mr. Chairman. I would like to have my questions fully answered by Mr. Wold and the commission—

Mr. WOLD. I would be glad to do them.

Mrs. MEEK [continuing]. And so I'll submit them for the record. Thank you.

Mr. KOLBE. Mr. Sununu.

ELECTRONIC FILING

Mr. SUNUNU. Thank you, Mr. Chairman.

Following up on a question that was posed about electronic filing, you said that 33 percent of all the committees met the \$100,000—what percentage of total disbursements fit into that assessment?

Mr. WOLD. I can't tell you, Congressman. We haven't had the occasion to pull those numbers off. But we could provide them.

Mr. SUNUNU. If you could, I would appreciate it, to have that information for the record.

Mr. WOLD. Certainly.

[The information follows:]

ELECTRONIC FILING

The approximately 1800 committees who filed Year End 1998 reports and had disbursements of at least \$100,000 during the 1997-98 election cycle represented 95.6% of spending by all committees who filed Year End reports. (These figures do not include soft money for allocation, as reported to the FEC.) Their cycle spending totaled \$1.74 billion out of a total of \$1.82 billion spent by all committees.

CONSTRUCTION COSTS

Mr. SUNUNU. You talked about funding that has been set aside for renovations, and I apologize if I missed the exact figure. But exactly how much did that come to? Did you say approximately \$900,000?

Mr. WOLD. No, the figure for the reallocation for construction or renovations was \$558,550.

Mr. SUNUNU. So \$558,000, that was a reallocation during fiscal year 1999?

Mr. WOLD. That is right.

Mr. SUNUNU. Okay.

Mr. WOLD. Proposed. The Commission has approved that and has submitted it to the subcommittee.

Mr. KOLBE. It has not been approved by this subcommittee yet.

Mr. SUNUNU. It would be a reprogramming for 1999 that has not been approved for \$560,000. And are there additional funds in the proposed 2000 budget for renovations?

Mr. WOLD. No, that is a one-time cost that I noted in my statement, that in effect reduces the increases, offsets the increases so we have a lower net increase for 2000.

Mr. SUNUNU. So you are being required or requested by GSA to provide \$560,000 to renovate space that you also currently rent from GSA; is that correct?

Mr. WOLD. Well, as I understand it, part of the—at least part of the costs are in connection with new space that we are taking on a temporary basis while the renovation that GSA is providing is going on in our existing space.

Mr. SUNUNU. So part of that \$560,000 is covering rent of space that is required so that the renovations can be performed?

Mr. WOLD. I believe that is correct. At the swing space, yes.

Mr. SUNUNU. But GSA is also increasing your rent—increased your rent from fiscal year 1999; is that correct?

Mr. WOLD. I believe that is correct, yes.

Mr. SUNUNU. I am looking at page 8 of your budget justification and see an increase fiscal year 1999 to 2000 of \$162,000.

Mr. WOLD. Yes, that is right.

Mr. SUNUNU. Is that the total of the rent increase? It is roughly a 5 percent rent increase being imposed on you by GSA?

Mr. WOLD. If that is what it calculates out to, yes.

Mr. SUNUNU. Could I ask you to also—while I am thinking of it—provide a summary for this subcommittee as to what that breaks out to in square footage? I guess I am concerned that you are paying for renovations, a substantial amount, compared to your yearly

rent. It is roughly 15 percent of your total rent costs and renovation costs this year.

You are also seeing an increase in your rent. And I mean I recognize that—that the subcommittee is always going to be concerned with how you are spending the funds that you are making a request for, but there are some line items that are similarly beyond your control. This increase of \$162,000, I don't see previous years. But have there been any other rent increases in fiscal year 1997 or fiscal year 1998?

Mr. THOMAS. My recollection is that it is something that we experience at least every few years, not necessarily waiting for the term of a lease to expire. It is my understanding that rent is recalculated every year.

Mr. SUNUNU. If I could ask you then to provide a summary of rent payments just in answer to my question for 1997, 1998 and 1999. I know this is an issue of interest to members of various other subcommittees, as well, that we try to get our policies and practices regarding federally owned buildings and rent to be at least somewhat consistent with what private practices would be.

[The information follows:]

GSA Rent Increases

FEC Rent and Construction Costs FY 1996-2000

FY 1996 Actual	\$2,527,167	equivalent of 91,600 sq. ft.
FY 1997 Actual	\$2,514,448	
FY 1998 Actual	\$2,484,470	
FY 1999 Projected	\$3,000,000 base,	\$3,225,000 total 98,100 sq. ft.
FY 2000 Estimated		\$3,387,000 total 98,100 sq. ft.

Our FY 2000 estimate for GSA space rental was \$3.387 million for a total of 98,100 square feet of fully occupied space, based on the new GSA rent rates and criteria as applied to our space for FY 1999 and adjusted for inflation. Although detailed GSA estimates for FY 2000 were not available using the new criteria at the time of our budget submission, our estimate of \$3.387 million was based on the best data and information on hand when the FY 2000 budget was submitted.

We currently occupy about 91,600 square feet of space under the new GSA criteria, at a cost of roughly \$3.0 million in FY 1999. We are in the process of acquiring the final 6,500 square feet of the 4th floor to reach the 98,100 square foot mark. The construction for the newly occupied space on the 4th floor and the resulting changes required on the 8th floor are projected to be funded out of a \$200,000 allotment in our GSA lease, amortized over the term of the lease. In addition, at the direction of GSA, the FEC obligated a total of \$180,000 in a RWA to GSA for construction costs in FY 1998; plus the GSA owes the FEC \$114,000 in credits resulting from flood damages incurred by the FEC several years ago due to another building occupant's negligence.

However, the Commission is incurring costs associated with moving staff to swing space to enable not only the construction but the renovations required to the base building, such as the GSA mandated fire sprinkler safety system. We are also expecting to incur costs associated with updating and improving the audio, video and HVAC capabilities of the Commission hearing room, as well as other improvements to the hearing room.

There are several factors increasing the FEC cost of GSA space rental in FY 1999 and beyond. These include new criteria in how rent is calculated, which has resulted in generally higher rental rates for all agencies in the federal government. Another factor driving up rent costs is the GSA mandated security upgrades for additional guard service and security screening equipment at federal buildings. This is the result of GSA and FPS security surveys in the wake of the bombing of the federal building in Oklahoma City. In FY 1999 and 2000 the GSA is beginning to pass through the costs of these security upgrades to federal agencies in their rental costs.

In addition, the FEC building was not initially equipped with a sprinkler fire safety system (SFS), and consequently required extensive, wide fire corridors. With revised GSA mandates, our building now requires the SFS system. Consequently, the FEC now pays rent on over 11,000 square feet of old fire corridors as "useable" space, which is really not useable as office space without extensive renovation costs. As a result, in FY 1999 we began to be billed for over 91,500 square feet, under a more expensive criteria, when we were actually using the same 80,300 square feet of space. The net result is that the FEC is being billed for \$3 million in GSA rent for space which would have cost about \$2.65 million in FY 1999 under the old criteria and formulas for GSA space.

Some of the renovation and construction costs incurred in FY 1999 are devoted to "recapturing" some of this 11,000 square feet. In addition, we expected to have fully occupied the 4th floor in our current building for an estimated additional \$225,000, or a total GSA rent of \$3.225 million in FY 1999. Because this space has not been turned over by the old tenant and occupied by the FEC, we are using the \$225,000 to rent swing space at 800 N. Capitol Street to try to expedite the construction and renovation processes.

Rental costs for the swing space have been offset by the fact that delays in the construction and renovations have delayed FEC occupation the additional space on the 4th floor. Funds set aside for the 4th floor rent in FY 1999 have been used to cover the swing space rental costs. In addition, GSA has provided the FEC with a small amount of additional, free swing space at 800 N. Capitol Street.

PUBLIC FUNDING

One final question regarding public funding of presidential campaigns. You talked about the shortfall of funds from the checkoff providing only 40 percent of the required funds in the year 2000 presidential campaign. Once those funds are exhausted, the funds provided for by the checkoff, do the requisite funds then come from general treasury revenues?

Mr. WOLD. What I am told is that they do not. But our projections are that the requisite funds would ultimately be available through the checkoff procedure by the end of that year, so what happens is candidates who don't get the full funding of their certification early in the campaign, simply take out loans using the promise of eventual funding from the Federal Government as security.

Mr. SUNUNU. So the fund will owe them that money or whatever the matching amount is?

Mr. WOLD. That is right.

Mr. SUNUNU. And it would come from future allocations to the checkoff?

Mr. WOLD. Right.

Mr. SUNUNU. But that fund is not in deficit, as we speak? In other words, they don't have obligations that exceed the balance?

Mr. WOLD. Not at the present time, no. But projecting ahead, we will not be able to meet our current obligations until we—

Mr. SUNUNU. I understand. You are forecasting that scenario for the year 2000, but we are not currently in that position today?

Mr. WOLD. No.

Mr. SUNUNU. If the checkoff program were eliminated in its entirety and we were to eliminate this artifact of public financing for campaigns, or taxpayer financing for political campaigns, would that render the full-time equivalents in that program redundant?

Mr. WOLD. Well, unnecessary, yes. To the extent that we spend time reviewing requests and certifying the requests, yes, we wouldn't have to do that.

Mr. SUNUNU. It is roughly 40 full-time equivalents; is that correct?

Mr. WOLD. I am not sure offhand.

Mr. SUNUNU. Forty-two, administering the program for the public financing of presidential campaigns, page 9 of your testimony. I just want to make sure I am reading that figure correctly.

Mr. WOLD. I am not sure the figure, the actual figure can be pulled off of that chart. We could provide that.

Mr. SUNUNU. "During FY 2000, approximately 42 FTE from the Audit Division, Office of General Counsel, and Data Systems Development Division will be involved in certifying the eligibility of primary candidates for matching funds and processing monthly submissions for funding awards beginning January 1, 2000."

Mr. WOLD. Yes, yes.

[The information follows:]

PUBLIC FUNDING PROGRAM

The 42 FTE administering the Public Funding program includes 25.5 FTE from the Audit Division (with most of the remaining positions in the Office of General Counsel). One permanent and 5 temporary FTE are assigned to the review of

matching fund submissions with the remaining FTE assigned to audits of the committees. Should the public financing program be eliminated, the five temporary positions would be eliminated. The Commission would hope to reassign the remaining FTE to other high priority tasks, including audits of the authorized and unauthorized committees.

As noted in response to a previous question, the FEC was able to authorize only 17 Title 2 audits from the pool of about 8,000 reporting committees in the 1996 cycle. Therefore, the Commission would view this as an opportunity to reallocate resources to the Title 2 audit program. The other staff from other divisions could be well used for handling enforcement cases that would otherwise grow stale and be dismissed with no action.

Mr. SUNUNU. Thank you very much.

Thank you, Mr. Chairman.

Mr. KOLBE. Mr. Price.

PUSH POLLING

Mr. PRICE. Mr. Wold, I want to follow up on this line of questioning with respect to the presidential campaign funding. But I would first like to ask you for a quick update on a matter Mr. Thomas brought up with us last year, what appeared at that time to be growing campaign abuse. This is the business of push-polling, a deceptive practice purporting to be a poll but actually designed to influence opinion.

We had an exchange last year about the possible need for disclaimers on this kind of communication. I wonder if you have any indication of whether and to what extent this abuse continues, particularly how prevalent it was in the 1998 elections; and are you tracking complaints that have to do with push-polling?

Mr. WOLD. I am not aware of any measure we have of the extent to which that practice has been engaged in. It would come to our attention if it were a somewhat unusual disclosure in a campaign filing that would describe the expenditure as for that purpose. But that would not ordinarily be part of our disclosure requirements, and then if complaints were filed, bringing that to our attention somehow, then we would know about it also.

I am not aware of any complaints that have been filed raising that, failures to report that sort of thing or any other aspect of it. Chairman Thomas, are you?

Mr. THOMAS. Well, Congressman Price, the way it mostly comes to us is in the context of a complaint where someone has alleged there is not even a disclaimer in these push-polling operations.

Mr. PRICE. Is there any implication that these practices were more or less prevalent in 1998?

Mr. THOMAS. I can't tell in terms of measuring more complaints or less complaints compared to the 1996 cycle. My gut sense is it went on. It went on a lot in the 1998 cycle.

Mr. PRICE. That is my sense too, although I have the impression that it may have leveled off. I think the practice has been exposed in some parts of the country and perhaps candidates have become a bit more wary of it.

On the other hand, there are many reports that it does continue. I hope the absence of any comment about this in this year's testimony doesn't indicate a waning of interest or concern on the Commission's part.

I realize you are limited in your ability to initiate actions, but at the same time, this is an abuse that is serious and that has had

an effect in elections around the country. I would think it should be monitored and that it should concern the Commission.

Mr. THOMAS. Just to follow up on it. We do have, as one of our legislative recommendations in recent years, some changes in the disclaimer rule, and that is where that would come up. And we will be debating our legislative recommendations next week. So we might be coming forward with something along those lines.

Mr. PRICE. A possible disclaimer that would attach to these kinds of communications?

Mr. THOMAS. That is right.

Mr. PRICE. All right.

PUBLIC FUNDING

Let me ask—following up on Mr. Sununu's line of questioning—exactly where we are with these presidential matching funds? I must say it has never seemed to me that the presidential matching funds—the tax checkoff—was very effectively promoted.

I am not sure that the American people have a very clear sense of how this tax checkoff works. And with all the reports of soft money kind of flowing over the barricades, I think actually a number of citizens would be surprised to find out that we have this kind of public funding of campaigns and that they can participate in this.

Mr. WOLD. They too can participate.

Mr. PRICE. I don't quite understand your figures, and I wonder if you could elaborate further on what you were saying a moment ago.

When Mr. Hoyer asked Commissioner Thomas about this last year, he indicated that the FEC would have about \$25 million probably available in primary matching funds in January of 2000, and payout obligations considerably beyond that which then would be made up as the funds came in July and August. That is what I understood you to just say now to Mr. Sununu.

The question submitted for the record last year didn't totally clear this up, at least in my own mind, because then you indicated a matching fund balance of about \$82 million as of February of 1998. Maybe the confusion here is the way the matching funds for the primary candidates are allocated as opposed to the funds that you perhaps set aside and then later grant for the national conventions and the general election candidates.

What is the current balance in this matching fund and how do the totals in that fund relate to these further obligations with respect to the conventions and general election financing?

Mr. WOLD. Do we have those figures in here?

Mr. THOMAS. Maybe while the vice chairman is looking, I can just briefly note one of the changes since last year that we noted. There might be a slightly higher drawdown on the public fund as a general matter and the receipts coming in were down by about \$3 million per year from what we estimated last year.

So the projection now is that this shortfall might go, not just until July 2000 for the matching fund recipients, but it might actually carry through all of calendar 2000; and it might actually carry over a little bit into calendar year 2001 before these campaigns are

able to get back the full amount of presidential matching money that they are entitled to.

So those bridge loans will have to be made to stretch all the way into the year 2001 if candidates want to participate in the matching fund program. So that is a slight change from what we said last year.

Mr. PRICE. How does that relate to the funding of the national conventions and the general election funding?

Mr. THOMAS. Well, that doesn't change. We still have that basic provision in the Treasury Department rules that requires that money for the general election payout—which is probably the biggest chunk of money under the public funding rules—be set aside and saved for that. In terms of the nominating conventions, they too are a higher priority than the primary matching funds.

Mr. PRICE. So those funds are fenced off, and the shortfall we are talking about only applies to the matching funds for the primary candidates?

Mr. WOLD. That is right.

Mr. PRICE. And the current balance available for that purpose is what?

Mr. WOLD. The current balance as of December 31, 1998, was \$133.2 million.

Mr. PRICE. How much then would apply to the primary program?

Mr. WOLD. Well, the primary program is the one that has the least certainty in calculation, because that depends upon the number of candidates and how many qualify and how long they stay in the race and so on.

Mr. PRICE. And which ones may opt to finance the campaign out of their own personal wealth or not taking match funds.

Mr. WOLD. That is right, or raise funds outside of the program. So we kind of started backwards. We need to set aside the money for the general; that can be more accurately projected because that is a grant. We have projected the amount for the general election set-aside of \$147.2 million; convention set-aside of about \$29 million; and a projected demand for the primary that—let's see, do we have that? Could be—

Mr. KOLBE. You can submit it for the record if you don't.

Mr. WOLD. It could range from \$37 to \$58 million.

Mr. PRICE. All right. If there is some elaboration of that, we would appreciate your submitting it for the record.

[The information follows:]

PUBLIC FUNDING PROGRAM

Attachment 2 at the end of these questions, is a copy of a memorandum to the Commission from the Acting Staff Director that provides a current status report on the fund.

Mr. PRICE. And let me also say, just in closing, that you attribute this shortfall to the failure to index the checkoff amounts; is that not correct?

Mr. WOLD. That is one factor that might have an effect if people would in fact then take advantage of the full checkoff available.

PUBLIC FUNDING

Mr. PRICE. And I do think the failure to promote the opportunity bears some responsibility for that, and I know that is not a responsibility that is yours alone. But I would be receptive to ideas about how we might publicize the availability of this program and the ability of citizens to contribute to campaign reform in this very personal way. Thank you.

Mr. WOLD. Thank you.

Mr. KOLBE. Thank you very much, Mr. Price.

I am going to ask some questions. I will ask them quickly. Hopefully, we can get short answers, and I can get mine all in in 5 minutes here.

Y2K COMPLIANCE

What is the status of your Y2K efforts? Have all of your systems been validated?

Mr. WOLD. As I understand it, not all have been yet. Our staff tells us that we are on track for compliance. We will be testing compliance in March, and by midyear we will be—we expect to be fully compliant. We will be testing compliance this month.

Mr. KOLBE. Okay. So you expect to have them all validated by midyear and be ready?

Mr. WOLD. That is my understanding, yes.

PWC ON REDESIGN OF BUSINESS PROCESSES

Mr. KOLBE. You have got \$4.8 million for various ADP initiatives, and that is consistent with your 5-year plan. The last time you revised a plan was in February of 1997. One of the Price Waterhouse recommendations in regard to your automation efforts is that you coordinate and redesign the business processes based on new computer technologies. How you plan to accommodate changes in your business process with your current ADP plan?

Mr. WOLD. That is one of the recommendations that we have not acted on yet.

Mr. KOLBE. Do you not agree with it?

Mr. WOLD. No, we do agree with it. I think there is a strong need for it, because we need to transition from a very paper heavy office environment to a paperless office.

One thing I have been impressed with, and not completely favorably, has been the tremendous flow of paper across my desk and the number of filing cabinets that it takes to keep all of those papers in. With today's technology, what is available, we shouldn't have to be doing that. This should all be available through the computers and the workstations we have in our offices, and we should be able to manage the paperwork that way. But I am told we need to make changes in our technology in the agency to do that. We are moving toward it, but it hasn't been accomplished yet.

PWC ON ADMINISTRATIVE FINE SCHEDULE

Mr. KOLBE. Another recommendation contained in the Price Waterhouse report is to establish an administrative fine schedule subject to reasonable appeals process for the 2000 election cycle.

That may be impractical for the 2000, but your response to this recommendation is noted with interest.

I know you have a letter to us regarding at least three recommendations for legislative action. What about following that one up with a request for legislative action?

Mr. WOLD. That has been one of our recommendations in past years, and that is still under discussion for recommendation this year. We have been discussing it in the Commission, to try to flesh out some of the details of it, including whether it would be a fine schedule or simply a change in procedures to permit us to impose penalties for relatively routine violations through administrative action, rather than have to go through our time-consuming and somewhat cumbersome enforcement track.

Mr. KOLBE. Do you have any idea how many fines might fall under this category if you use this kind of administrative process?

Mr. WOLD. We don't. I can't give you any figures on that because it depends in large part on the category of violations that we include in it. We are contemplating at least disclosure violations, failure to report on time, deficiencies, defects in the information that is reported certainly, rather than the more serious violations of excessive contributions, laundered contributions, improper sources and so on.

Mr. KOLBE. Let me just say, if the agency needs somebody here to carry the water on that as a legislative recommendation, please come and talk to me. I would be happy to talk to you about that, as well as the other ones that you have here. I would be happy to work with you and maybe Mr. Hoyer, doing it on a bipartisan basis, to maybe prod your authorizing committee to do something along those lines.

Last question, a lot of mine have already been answered. I will submit a couple for the record.

PWC ON INCREASED PRODUCTIVITY AND COMPLIANCE

Mr. KOLBE. The last question I have here is another one of the Price Waterhouse recommendations that fiscal year 2000 appropriations should be conditioned on FEC's continued progress in increasing productivity and compliance. Your testimony doesn't really talk about any kind of initiatives in the area of increasing productivity within the Office of General Counsel, rather, FEC asks once again for more staff.

This has been an ongoing source of problem within this subcommittee and certainly with one of the previous members of the Appropriations Committee. As you know, one of the specific recommendations to improve the Office of General Counsel's efficiency was that you convene a working group to look at ways to reduce the number of legal reviews that are imbedded in your enforcement process. The Price Waterhouse report found that at every step in the enforcement process there were repetitive reviews, supervisory concurrence and approvals required.

Do you agree with this recommendation? Do you intend to do anything about it?

Mr. WOLD. We do agree with it.

Sir, I can't put my hands on the details of that. That was one aspect of the report that did concern me personally. I was surprised

in looking at the charts that were included in the appendix of the number of reviews that were required. Those charts were very helpful to me and I think the other commissioners in describing the details of the processes that are followed. And I think they certainly deserve some studying to see if all of this is really necessary and what we are achieving by it.

Our Counsel's office points out that one other important finding of the report was that we have a very high accuracy rate overall at the staff level in the Commission, that sometimes our reviews appear to be redundant, but they are made for the purposes of achieving a high degree of accuracy internally. That applies certainly to our Audit Division and, to an extent, to our Counsel's office, also.

But at some point it becomes too time-consuming and is not achieving any substantial new purpose. So that is something that is of concern to me personally, and we will be looking at it.

Mr. KOLBE. I will watch that with interest to see what kind of recommendations you have for implementation.

Mr. Hoyer.

PWC ON ADMINISTRATIVE FINE SCHEDULE

Mr. HOYER. Thank you, Mr. Chairman. Let me join you in saying that I think the FINE proposal is one that we ought to adopt for those nonsort of purposeful evasions of the law. Obviously, if you have some sort of the mens rea, criminal intent or something, that ought not to fall in that category. But things that are procedural, ministerial mistakes, it seems we ought to have a fine process, and candidates ought to know what the fine is.

The only involvement I had was with what I thought was one of those kinds of violations in a negotiated settlement. Way too high, I might observe. But, nevertheless, having said that, you know, we had no feel for, okay, if you do this, what is the fine you pay? If you go 10 miles over the speed limit, you pay 50; if you go 20 miles over, you pay 150, whatever; or something like that.

Mr. Chairman, I would be glad to work with you on that and work with the Commission on that as well.

CLINTON AND DOLE AUDITS

Bipartisan paralysis, you read The Washington Post editorial, 3-3 vote cost us \$25 million in recompense from the Dole and Clinton campaigns. Could you comment on that?

Mr. WOLD. I don't think I saw that editorial yesterday. But on that subject, yes. I think that is referring to the—

Mr. HOYER. Was it Friday? It wasn't yesterday. I read it yesterday. It goes to show you how introverted I am.

Mr. WOLD. If it is referring to the repayment determinations that we made actually several weeks ago that there would be relatively little in repayment determination—repayments that would have to be made compared to what the staff report originally said might be determined—

Mr. HOYER. What was the staff recommendation?

Mr. WOLD. I don't remember the exact figure. Do you, Chairman Thomas or Mr. McDonald?

Mr. THOMAS. Well, Congressman, you mentioned a \$25 million figure. I think that was the staff's recommendation to the Commission overall in terms of repayment obligations. About \$18 million for the Dole campaign. I guess almost \$7 million for the Clinton campaign.

Mr. HOYER. It was \$18 million recommended by staff to be repensed from Mr. Dole's campaign, \$7 million from Mr. Clinton's campaign. And there was, as I understand, a 3-3 vote not to seek or not to adopt that staff recommendation; is that correct?

Mr. WOLD. I don't believe that was a 3-3 deadlock. I think we voted by a majority of the Commission to not—Commissioner McDonald suggested it may have been unanimous to not impose—

Mr. McDONALD. On those particular violations.

Mr. WOLD. Yes, for those violations, the biggest items in there. And that was for a variety of different reasons, possibly between different commissioners, but it involved different interpretations of what the law actually permitted us to do, whether we could—and whether the staff recommendation had followed our regulations in allocating those expenditures between the general election and the primary election campaigns of the candidates. There are several steps in getting to where we ended up.

Mr. HOYER. Okay. I will look at that a little more closely to make sure my facts are correct. Because if it was a unanimous vote, I had different information on that.

3-3 VOTES

But, having said that, can you comment—not today, but sometime in the future—particularly for the new members, I would like them to comment on the Post premise that—and other premises that, because you have this 3-3, you really have a toothless tiger that can't do anything when it really gets tough because the parties will sort of block up, lock up and confirm one other and no resolution will be forthcoming.

You don't need to comment on that, you are new, but I would like us all to look at this to see whether this mechanism can work. My view is it can work if we have got six honest people who want to do a job to enforce the law. Then I don't see no reason for it not to work.

[The information follows:]

Clinton and Dole Audits

With respect to the recent votes in the Clinton and Dole campaign audits, it is true the commissioners did reduce substantially the staff's recommended public funding repayment determinations. The staff recommended that the Dole primary campaign repay about \$2.5 million and that the Dole general campaign repay about \$14.5 million. The staff recommended that the Clinton primary campaign repay about \$7 million and that the Clinton general campaign repay less than \$.5 million.

The vast majority of the staff's recommended repayment amounts stemmed from spending by the party committees, assertedly in coordination with or in support of the candidate committees. The staff believed: (1) the party spending should be attributed to the candidates' spending limitations in the nomination phase or general election phase, (2) this caused the candidates to exceed the limitations, and (3) the candidates thereby incurred repayment obligations regarding the "non-qualified" excessive spending.

The commissioners unanimously agreed that most of the party spending at issue should be attributed to the primary phase based on when it occurred. This by itself reduced the total potential Dole repayment from about \$17 million to about \$8 million. Then, however, the commissioners failed by a vote of 3-2 (and 1 abstention) to pass a motion to interpret the primary funding statute in a way that would preclude the FEC from ordering repayment based on excessive primary spending. Thus, the bulk of the remaining repayment recommended by the staff fell short of the 4 vote majority required. The adjusted potential Dole primary repayment for excessive spending was reduced from about \$5.5 million to \$zero, and the potential Clinton campaign repayment for excessive spending went from about \$7 million to \$zero. A copy of materials explaining the alternative viewpoints on the issue that led to the 3-2 vote can be found at Attachment 3 at the end of the questions.

It must be noted that one of the most controversial elements of the potential repayment amounts involved party spending for ads that included reference to one or the other of the presidential candidates. After the 3-2 vote referred to above, there was a unanimous vote rejecting the staff recommendation to require repayment from the primary campaign committees stemming from **all** of the ads identified in the audit reports. Different commissioners voiced different reasons for supporting the motion, however. Clearly, at least three believed the FEC had no legal authority to seek repayment; some believed that some, but not all, of the ads should generate a repayment; and some believed that none of the ads should generate a repayment.

There were remaining repayment obligations, even after the foregoing votes. The Commission approved repayments for the Dole campaign totaling about \$3.7 million and for the Clinton campaign totaling about \$140,000.

With respect to whether the FEC's structure--with 3 Democrats and 3 Republicans, historically-- results in a "toothless tiger," there are proponents on either side of the debate. Perhaps the following would help assess this oft-reported charge.

Many, including Republican and Democratic party representatives, have argued the FEC is too tough. For example, when in 1991 the FEC required parties to use set allocation formulas for party building expenses, forbade non-federal account advance payments, and required disclosure of national party 'soft money' receipts, many party officials were not pleased. Moreover, given the number of compliance cases the FEC has pursued against Republican or Democratic party entities over the years, it would be difficult to argue the FEC has been "toothless." See, e.g., MUR 4398 (\$82,000 civil penalty regarding Republican Party of Florida receiving prohibited contribution); MUR 3620 (\$75,000 civil penalty regarding DSCC's tally system).

On the other hand, the FEC has been unable to reach a 4-vote consensus on several difficult, controversial issues affecting party entities or other players in the political process. For example, the FEC split 3-3 on whether the NRSC's practice of routing donors' funds to particular candidates was a form of "direction or control" that should affect the NRSC's own contribution limits. See, FEC v. National Republican Senatorial Committee, 966 F.2d 1471 (D.C. Cir. 1992). The FEC also split 3-3 on whether certain contributions the 1992 Clinton campaign received after the nomination were improperly treated by the campaign as general election compliance fund proceeds. See, Gottlieb v. FEC, 143 F.3d 618 (D.C. Cir. 1998).

The structure of the FEC is designed to assure that no one political party can force its will on other parties regarding FEC matters. The importance of that goal probably outweighs the problems generated by occasional 3-3 split votes. It should be noted, moreover, that 3-3 votes in enforcement matters can be brought to the courts by an aggrieved complainant. See 2 U.S.C. § 437g(a)(9).

On balance over the years, the FEC has shown an ability to reach consensus on most of the issues that come before it. The Commission has conducted 4,725 votes since 1993. Only 121 (2.56%) of these votes resulted in a 3-3 or 3-2 margin. While we have not attempted to analyze each of the 3-3 and 3-2 votes, they have not always been along party lines. These figures indicate that the phenomenon of split votes is a relatively rare occurrence in the Commission's overall operations. The fact that commissioners of more than one party approve any majority vote lends credibility to FEC decisions.

Compared to the situation that existed before the FEC's creation, the attention to enforcement of the law is certainly greater. Whereas before the FEC's creation thousands of referrals of violations to the Department of Justice were simply ignored, the FEC has activated over 4,000 compliance cases and conducted over 500 full-scope audits. Over the last 10 years the FEC has collected over \$7 million in civil penalties. The auditing of publicly funded committees has yielded over \$10 million in repayments. These actions, against persons and entities of all political stripes, have proceeded with majority votes reflecting a political consensus among the six commissioners.

PWC AUDIT

In any event, the \$750,000 we earmarked for fiscal year appropriation for the audit, was that all spent? Do you know?

Mr. WOLD. We were told it was not all spent, but I don't have the final figures.

Mr. HOYER. What was spent? Do you know?

Mr. WOLD. The last information we had, which comes through GAO, I believe, was that there is about \$65,000 that was not spent.

Mr. HOYER. Where is the balance of that money, the \$65,000? Is that reverted to you?

Mr. WOLD. Not that we are aware of, no. We believe that is all in GAO.

Mr. HOYER. In any event, you don't have the use of the balance that was not used on the audit?

Mr. WOLD. We don't yet. Chairman Thomas tells me that is being negotiated, and we may get that back. We don't know yet.

Mr. HOYER. Okay. Last question, and I am going to submit some for the record.

THIRD PARTY ADVOCACY

Mr. HOYER. Mr. Price mentioned the push-polling. In my opinion, that is an opinion, but the larger problem from my perspective, is the third-party advocacy groups clearly advocating the election of one over another in a contested election. But hiding behind the ruse of what they are really doing is advocating, call Steny Hoyer, he wants to raise your taxes, please tell him not to, when I am confronting an opponent who says we have got to cut taxes and Hoyer wants to raise taxes.

That kind of advocacy—Mr. Bordonardo and Ms. Capps both complained about it early in their campaign, about such advocacy advertising. And, of course, it is not subject to disclosure as the hard money, and it is also soft money.

Does the Commission have views on that? I know you do, but could you discuss that for the record?

Mr. WOLD. I think each of the Commissioners has their own view on that. We have not taken a position as a Commission, a policy position on that, no.

Mr. HOYER. Well, let me say this, from my perspective, millions and millions and millions of dollars are being laundered for partisan purposes through these third-party advocacy groups. It is, in my opinion, the single biggest loophole and ruse in our elections today. And if the FEC doesn't come to grips with it and the Congress doesn't come to grips with it and my committee, the House—and the other committee I serve on doesn't come to grips with it, we are going to have all of this heat about campaign finance reform.

And while the money is going to just flow into these so-called independent third-party advocacy groups that are telling people call up, and the reason I mention Bordonardo and Capps, it didn't matter whether you were on the right or the left, Republican or Democrat, both of their positions were being characterized in a way neither one of them wanted them to be characterized. So the campaign from Mr. Bordonardo's and Ms. Capps' standpoint was being,

in effect, denigrated because their messages were being overcome or undermined by these third-party advocacy ads.

So I would hope the Commission would look at this. We are not going to get a handle on campaign finance spending unless we get a handle on this funnel that is impacting on campaigns, is intended to impact on the election or the defeat of candidates but is now, under present law, insulated from full disclosure and reporting.

Thank you, Mr. Chairman.

PWC AUDIT

Mr. KOLBE. Thank you.

Before we close I just want to say one thing on the last point you made about your audit. Regarding the money that was in your budget and paid over to GAO to negotiate with PricewaterhouseCoopers and cover the cost of the audit. Are there any savings that revert to the general revenue fund? That money does not come back to the FEC. Let's make that very, very clear.

Mr. THOMAS. Mr. Chairman, I can explain that source of confusion. Only this morning I was speaking with a representative of PricewaterhouseCoopers and the advice he gave me was that his understanding was that the folks at GAO were going to be contacting your committee to find out what could be done or should be done with that money. So if you convey that clearly to them.

Mr. KOLBE. The taxpayers will be happy to save the money with the lower cost of that.

I want to thank you all very much for your appearance this morning and for the questions and maybe some others for the record. Thank you very much.

Mr. WOLD. Thank you.

Mr. KOLBE. This subcommittee stands adjourned.

[The information follows:]

Commission's Follow-Up on PricewaterhouseCoopers' Recommendations

This document lists the 21 PwC recommendations contained in section 5 of the Report and the action the Commission has taken toward carrying out the recommendations. In the case of 12 of the recommendations,¹ the agency has either taken internal action or approved a contract for outside assistance. In the case of another 7 recommendations,² the Commission has begun to look into alternative ways of carrying out the recommendation.

In addition, the document responds to specific improvement opportunities embodied within the PwC Report.

1. Authorize mandatory electronic filing for major filers: Electronic filing offers the most cost-efficient and effective method to capture campaign finance transactions. The FEC needs legislative authority to require committees, which meet FEC-determined thresholds of financial activity, to file reports electronically by a date certain. (4.2.6)

PwC Approach: Congressional action required

PwC Timeframe: 2002 election cycle

FEC Action: On March 5, 1999, the Commission submitted a recommendation to Congress, asking that it give the FEC the authority to require committees of a certain size to file reports electronically. Even without legislative change, however, we are increasing our efforts to encourage committees to voluntarily file electronically. Specifically:

- On March 15, 1999, the FEC made the electronic filing software available on the World Wide Web for free.
- We have signed contracts with two vendors who will include the FEC's electronic filing process in their software packages and conduct seminars explaining electronic filing to their clients. These companies typically work with committees with extensive financial activity—committees whose activity represents a large proportion of the processing required by the Commission. We will be examining the effectiveness of this program with an eye toward expanding it to additional vendors.
- We enhanced our marketing efforts by hiring a professional knowledgeable in electronic filing and software marketing. We have advertised in magazines and in the Commission's newsletter, the *Record*.
- We will continue to survey political committees for their needs vis-à-vis electronic filing. The next survey is scheduled to be undertaken in April 1999.

¹ Recommendations 1, 3, 5, 6, 9, 11, 12, 13, 16, 17, 18 and 21.

² Recommendations 4, 7, 10, 14, 15, 19 and 20.

2. Standardize reporting on an election-cycle basis (campaign-to-date basis), rather than a calendar-year basis: Standardized reporting periods on an election-cycle basis would simplify candidate committee record-keeping, reduce the number of filing errors requiring RFAs, and increase the usefulness of the disclosure database. (4.2.5)

PwC Approach: Congressional action required

PwC Timeframe: 2002 election cycle

FEC Action: On March 5, 1999, the Commission sent Congress a recommendation that reporting be required on an election-year basis.

3. Transfer the point-of-entry for Senate candidate committee reports to the FEC: The FEC must maintain separate and costly filing, imaging, and document retrieval processes to accommodate Senate filings. Establishing the FEC as the single point-of-entry for filings would reduce FEC costs and increase the timeliness of filing and compliance notices. (4.2.7)

PwC Approach: Congressional action required

PwC Timeframe: 2000 election cycle

FEC Action: The Commission has been actively working with the Senate Public Records Office (under the Secretary of the Senate) to find new, more efficient ways of receiving, transmitting and making public the campaign finance information filed with the Senate. Under consideration are measures to:

- transmit to the FEC scanned images of reports filed with the Senate; and
- facilitate voluntary electronic filing by Senate committees.

4. Authorize the FEC to establish an administrative fine schedule, subject to reasonable appeal procedures, for straightforward disclosure violations: Moving these violations out of the formal enforcement process would allow more efficient and effective use of enforcement resources for activating and resolving more significant matters under review. (4.3.3.5)

PwC Approach: Congressional action required

PwC Timeframe: 2000 election cycle

FEC Action: The Commission is looking at new approaches to administratively handle straightforward disclosure violations, including the use of automatic fines. (On March 11, 1999, the Commission, by majority vote, approved this recommendation for inclusion in the package of additional legislative recommendations that will be sent to Congress.)

5. Enforce the use of standard filing guidelines and forms for the entire regulated community during the transition to electronic filing: Standardizing how forms and amendments to forms are submitted and requiring the submission of all disclosure information in a typeface format would improve the disclosure and reports review processes. (4.2.5)

PwC Approach: Requires Notice of Proposed Rulemaking

PwC Timeframe: FY 1999

FEC Action: The Commission has authorized spending \$45,000 on a contract to develop reporting standards and to revise standardized reporting. Funding for this item is part of the Commission's plan to spend \$1,120,000 to improve enforcement. That plan, which was sent to Congress on March 15, 1999, is subject to approval by the Appropriations Committees.

6. Set up Internet connections on several PCs in the Public Records Division so that the public can access the FEC Web page: This step enhances resources available in Public Records. (4.2.1)

PwC Approach: Minimal Data Systems support

PwC Timeframe: FY 1999

FEC Action: The Commission has set up Internet connections in the Public Records Office and, at the end of February, launched a pilot project to allow visitors to view FEC reports on the World Wide Web. Once fully implemented, the project will provide a back-up means of accessing the electronic images of the reports. Using the Commission's imaging system remains the method of choice because it offers a much easier and faster method for printing paper copies. On the other hand, if the imaging system is temporarily down, access to the reports on the Web offers a good back-up alternative.

7. Engage in intraprogram and interprogram management-planning activities to improve resource utilization and to enable process efficiencies: Increased emphasis on management planning will support improvements in disclosure productivity. (4.2.9)

PwC Approach: Ongoing work with business process maps as a baseline

PwC Timeframe: FY 1999

FEC Action: The Commission recognizes the importance of intraprogram and interprogram planning to improve resource utilization. The Acting Staff Director plans to use this approach to review, and possibly modify, the Requests for Additional Information (RFAI) program in order to clarify the public record in the most efficient way possible. Other activities, which lend themselves to this approach include marketing the electronic filing program, modifying disclosure forms so that they will be machine readable, updating the agency's website, and identifying standardized guidelines and practices to improve productivity in our disclosure operations.

8. Realign resources in Disclosure and in Data Systems coding and entry into a single disclosure process with one accountable manager: Consolidating the disclosure process from two divisions into one with a single manager will increase accountability and streamline disclosure process functions and resources. (4.2.4)

PwC Approach: Three months developing consolidation plan (\$50,000 for facilitation support)

PwC Timeframe: FY 2000

FEC Action: The FEC tried a "unified approach" to disclosure, review and data coding and entry and it was found unsuccessful twice—review and entry was taken away from a combined review and disclosure Division in the late 1970's, separating out disclosure/public records; then data entry and coding separated from review and sent to Data. We contracted out most of the itemized data entry in the 1980's, and have improved timeliness of data entry and coding since then. Gains made in the 1988 and 1990 cycles were partially wiped out by an explosion in the volume of campaign finance data in the 90's, but we have recovered since then, even with fairly static staff resources, through staff initiatives, management improvements, hard work and overtime.

Nonetheless, we are open to reviewing this again in the future.

9. Work with internal and external user groups to determine modernization requirements for the existing disclosure database: Beginning to assess internal and external user requirements will accelerate the move away from DB1032 to a relational database and thereby strengthen the disclosure and reports analysis processes. (4.2.8)

PwC Approach: Six months to design IT strategy (\$500,000 for database design support and acquisition)

PwC Timeframe: FY 2000

FEC Action: The Commission is in complete agreement with this recommendation, and we are well under way in modernizing our IT system. The transition to a relational database, which has begun, is occurring in the following stages:

- The Commission contracted with a firm in October of 1998 to perform a requirements analysis.
- The contractor worked with inside users to prepare an inventory of current uses of the 1032 data base. The inventory is scheduled for delivery in April 1999.

10. Transition to a paperless disclosure and reports review process: During the transition period to an electronic filing environment, the FEC will need to support existing and new disclosure and reports review processes. For example, the Reports Analysis Division requires a business process reengineering (BPR) study to design an electronic reports review and exception reporting system. (Dependent on Congressional authorization to require mandatory electronic filing with a date certain.) (3.3.10 and 4.2.3)

PwC Approach: Six months to design and document requirements (\$500,000 for BPR study)

PwC Timeframe: FY 2001

FEC Action: In addition to the Commission's efforts to promote the voluntary use of electronic filing (described under recommendation # 1), the agency will explore practical ways to move toward a paperless disclosure and review process. For example, the FEC will consider:

- the use of software that can review campaign finance reports and generate letters to political committees;
- ways to reengineer the reports review process so that it can take maximum advantage of new software programs that review reports; and
- the use of bar codes on paper reports to enable the FEC to track documents more easily and accurately during the transition phase. A cost analysis and implementation strategy will be developed in FY 1999.

11. Prepare and maintain documentation supporting EPS (Enforcement Priority System) case-activation decisions: This step will increase the transparency and accountability of OGC case-activation decisions. (3.3.3) [See also: *Improvement Opportunity 4-20, page 4-75*]

PwC Approach: Two months

PwC Timeframe: FY 1999

FEC Action: The PwC Report noted that "[t]he application of the EPS meets its original intention of allowing the exercise of judgment while providing sufficient structure to lessen the likelihood of inconsistent application. . . . No partisan bias was evident in the rating of cases along the seven criteria or in the assessment of points, nor was the weighing differentially

associated with type of committee, whether authorized or nonauthorized, or political party." PwC Report at 4-71.

As noted, however, PwC recommended improved documentation of case activation decisions. By memorandum dated February 11, 1999, the Office of General Counsel (OGC) informed the Commission that it had adopted this recommendation and was developing a plan for implementation. Staff has been assigned to develop a standard method for providing more detailed case activation information to the Commission. OGC intends to forward the plan for implementing this recommendation to the Commission by March 26, 1999.

The PwC Report also included "Improvement Opportunity 4-20: Development efforts should be initiated by OGC to define additional scoring criteria that estimate resource allocation by tier of case." PwC Report at page 4-75. This Improvement Opportunity implicates a number of policy issues regarding the EPS. The case management system will provide the FEC with the information required to assess and, if warranted, implement this change. Once the case management system has been implemented, the OGC will report to the Commission on the feasibility of revising EPS to incorporate this suggestion.

12. Compile an annual descriptive offense profile of compliance matters to better inform Commissioners, policy makers, and the public about emerging law enforcement trends: To undertake this project, the FEC will need outside assistance from other Federal law enforcement statistics agencies and a contractor to design a database (in conjunction with the case management system) and to code closed cases. (3.3.4 and 4.3.3.6) [*See also: Improvement Opportunities 3-2 and 4-22*].

PwC Approach: Eight months to research, design, automate, and code closed cases (\$250,000)

PwC Timeframe: FY 1999

FEC Action: The FEC has authorized the expenditure of \$50,000 to hire a consultant to develop an annual profile of compliance matters. Funding for this item is part of the Commission's plan to spend \$1,120,000 to improve enforcement. That plan, which was sent to Congress on March 15, 1999, is subject to approval by the Appropriations Committees.

13. Convene an internal OGC working group to develop recommendations for consideration by the Commissioners to reduce the number of legal reviews embedded in the enforcement process: This effort will speed Commissioner consideration of enforcement case stages. (4.3.3.2) [*See also: Improvement Opportunity 4-18 (page 4-70)*].

PwC Approach: Four months

PwC Timeframe: FY 2000

FEC Action: Over the last several years, the Office of General Counsel has taken many steps to reduce the number of legal reviews in the enforcement process. In order to identify ways to further reduce the number of legal reviews without compromising error avoidance and consistency, OGC is forming a staff/management working group. This group will review the current enforcement process and make recommendations concerning additional reductions in levels of review where appropriate. It expects to convene the working group by mid-April and forward a final report to the Commission by September 1999.

14. Complete the case management system and use the workflow and staff utilization data to establish enforcement workload standards: After the system has tracked cases throughout FY 1999, a baseline set of metrics should guide the development of these standards. (4.3.3.6)

PwC Approach: Twelve months

PwC Timeframe: FY 2000

FEC Action: Because the case management system is the most significant administrative project for OGC this fiscal year, OGC has expended significant staff resources to develop the system and will continue to devote staff resources to this project during implementation. The General Counsel will continue to serve on the Case Management Steering Committee and OGC staff and managers will continue to serve on the Case Management Implementation Team this fiscal year. All OGC staff will be trained on the new case management system within the next several months. Once implemented, the case management system will provide better information on enforcement matters and other OGC assignments, enabling the Commission to make more informed decisions on resource utilization and compliance trends. The system will enable OGC staff to record their work hours directly into the computer so that we can more efficiently track the time devoted to compliance activities. Once the system is fully implemented, OGC will make further recommendations to the Commission on using it to develop workload standards.

As a corollary action, the Commission is looking at ways of reducing the enforcement workload through alternative dispute resolution (ADR). To this end, the Commission has approved a disbursement of \$100,000 for a contract to study the application of ADR to FEC enforcement cases. Funding for this item is part of the Commission's plan to spend \$1,120,000 to improve enforcement. That plan, which was sent to Congress on March 15, 1999, is subject to approval by the Appropriations Committees.

15. Assign dedicated resources to establish a single Title 2 audit-for-cause process in the Audit Division independent of Title 26 audit resource requirements: Conducting a predetermined threshold number of audits for cause is necessary to enhance visibility in the filing community and to deter noncompliant activities. (4.3.2.4)

PwC Approach: Additional Audit Division personnel

PwC Timeframe: FY 2001

FEC Action: The Commission is currently looking into the feasibility of implementing this recommendation. One option is to contract out a number of Title 2 audits to supplement in-house resources.

The Commission has not performed as many Title 2 audits as it would have liked because of statutory and practical constraints.

- The statute directs the Commission to give first priority to Title 26 (Presidential) audits. They customarily begin in the spring of the election year and end two years after the date of the general election. The Commission undertakes Title 2 audits only if there are resources available over and above those necessary to carry out the Title 26 program.
- Statutory provisions particular to the Title 2 program also constrain the Commission's ability to carry out Title 2 for-cause audits. The statute requires that audits of House and Senate candidates be commenced within 6 months of the general election (May). The Commission's in-house review of committee reports, however, are often not completed until March. Consequently, there is a very narrow window of about two months during which the

Commission must identify candidates whose level of compliance is sufficiently low to merit an audit and actually begin the audit. Once the field audit is begun, staff complete it before going on to the next audit. Field audits of House candidates typically require 3 weeks. The Commission lacks the resources necessary to conduct a significant number of field audits within this very limited window of opportunity.

16. Select a permanent Staff Director tasked to improve overall organizational performance:

The FEC now has the opportunity to select a permanent Staff Director who can help renew the organization. FEC Commissioners should consider retaining an executive-recruiting firm to validate the candidate list for their consideration. (3.3.6)

PwC Approach: Two months to identify candidates (\$50,000 for candidate validation)

PwC Timeframe: FY 1999

FEC Action: The Commission has received 265 applications for the Staff Director position from a broad range of qualified individuals. There has been no lack of talent or experience. The Commission made the first cut and interviewed 9 candidates who presented the most outstanding credentials. The Commission anticipates making a final decision soon.

17. Establish annual performance objectives for the Staff Director and the General Counsel:

To establish and maintain organizational accountability, Commissioners need to communicate desired organizational achievements to both statutory officers and delegate authority to execute tasks. (3.3.6)

PwC Approach: Three months to establish performance criteria

PwC Timeframe: FY 1999

FEC Action: The Commission has allocated \$50,000 to develop new performance standards for the Staff Director, the General Counsel and senior staff. Funding for this item is part of the Commission's plan to spend \$1,120,000 to improve enforcement. That plan, which was sent to Congress on March 15, 1999, is subject to approval by the Appropriations Committees.

18. Encourage more collaboration and communication among existing work groups: The Staff Director should convene regularly scheduled meetings to increase cross-divisional communication and collaboration and to review management information system performance data. (3.3.5)

PwC Approach: Minimal

PwC Timetable: FY 1999

FEC Action: We have advised the Acting Staff Director—and intend to make clear to the new Staff Director—that we place a high priority on the need to promote more cross-divisional communication and collaboration through meetings and task forces. Already we have seen change. For example, a working group representing many divisions has begun collaborating on the redesign of the FEC's web site.

19. Develop a new performance appraisal process for managers: A pilot project should be initiated, using an upward feedback system, to ensure that FEC managers have put into practice those behaviors that foster communication and ownership of problems and reward innovation. (3.3.7)

PwC Approach: Six months to research, develop, and administer pilot survey (\$50,000)

PwC Timetable: FY 1999

FEC Action: The Commission has hired a new Director of Personnel, who has extensive experience in developing performance standards. One of his responsibilities will be to ensure that the performance appraisal standards for managers include behaviors that will encourage, within their working teams, communication, responsibility for problems and innovation.

20. Explore alternatives to the Federal General Service classification system: Alternatives to the current use of the Federal GS classification system should be explored as a means to increase promotional opportunities and provide a more flexible compensation system. (3.3.11)

PwC Approach: Four months to research and investigate options, with OPM support

PwC Timetable: FY 1999

FEC Action: The new Personnel Director will study alternatives to the current Federal GS classification system. We recognize that other classification systems offer more flexibility for promotion and compensation.

21. Conduct customer satisfaction surveys after an election cycle to understand expectations and measure changes in filer satisfaction with the products and services provided by the FEC: Using the baseline findings provided in this report, regular surveys will allow FEC to discontinue services that have diminishing value, to better understand the needs of the filing community, and to better deploy FEC resources. (3.3.3)

PwC Approach: \$75,000 each election cycle

PwC Timetable: FY 2001

FEC Action: The Commission has long had a policy of conducting customer surveys. Since 1985, we have conducted 3 comprehensive surveys of customer satisfaction with our products and services (e.g., forms, publications, Public Records Office and telephone assistance to committees). This year's survey, conducted by PricewaterhouseCoopers, was the 4th such survey. We use the surveys to modify our outreach programs. Continuing this policy, we plan to conduct the next survey at the end of the 2000 election.

IMPROVEMENT OPPORTUNITIES

Improvement Opportunity 3-7: The FEC should create a more open and proactive problem-solving environment for doing business.

This and several of the following Improvement Opportunities parallel a number of the recommendations described above (see for example recommendations 7, 9, 16, 18, and 21). The Commission is studying a number of initiatives that encourage innovation and exploration of new technologies, and that promote new and better ways to communicate, both within the organization and with other participants in the political process. Better coordination among offices within the Commission and the regulated community, and those who use FEC information, are critical components in several initiatives that have been described in the FEC Strategic Plan for IT Modernization.

In developing the requirements for client-server databases, for example, we have enlisted the help of an outside contractor experienced in developing communication tools, including

surveys and other means required to develop a system that meets all existing needs and anticipates future developments.

The creation of an environment that is open and focused on active problem-solving is an ongoing process of change and assessment and the Commission is beginning to investigate the tools available to assist in this process.

Improvement Opportunity 3-9: DSD should routinely conduct an internal FEC staff survey to assess user satisfaction.

- The Commission gets feedback from FEC staff through meetings with the IT contractor and through frequent interaction between FEC staff and DSDD staff, including the staff of the Training/Customer Support branch and the Development branch.
- Staff suggestions for change are forwarded to senior management in DSDD.
- Implementation of Lotus Notes will allow us to conduct many information gathering efforts. We are now acquiring staff with the skills necessary to allow the Commission to fully leverage its investment in this new technology.

Improvement Opportunity 3-10: FY 2000 is the time for the FEC to begin to lay the framework for significant business process reengineering efforts. Future and ongoing ADP initiatives should incorporate a business process reengineering effort led by the program offices, not DSD.

We have addressed this opportunity in our discussion of recommendations 7, 9, and 10 as well as opportunity 3-7.

Improvement Opportunity 4-1: FEC should redesign a disclosure database that supports internal staff needs, as well as the public's needs.

This has been a fundamental element in the requirements analysis for client-server database development conducted for the Commission by AMS. It will continue to be a driving principle in that program.

Improvement Opportunity 4-3: FEC should set up Internet connections on several PCs in the Public Records Division....The Internet could be used to access other campaign finance databases and Web sites on third-party information providers.

In addition to providing Internet access to the Commission's home page in the Public Records Office, a back-up system will be available providing access to other campaign finance databases and websites on the Internet. Access will be established upon completion of the pilot program discussed in the response to Recommendation #6 and once security issues have been addressed. Estimated completion date is June 1999.

Improvement Opportunity 4-4: The Processing Branch should support all imaging needs throughout the Commission. Processing staff could work with the Office of the General Counsel to assist that Office with its imaging needs.

The Commission's Strategic Plan for IT development includes a program to reexamine the use of imaging technology throughout the Commission. A primary element in that process is defining and implementing imaging solutions for document management beyond the basic disclosure reports which currently are imaged.

Improvement Opportunity 4-5: Once the Commission has a certain date for mandatory electronic filing, RAD should begin to work with Data Systems to develop an automated, paperless review process to replace the existing manual, paper-intensive reviews.

See FEC response to Recommendation # 10.

Improvement Opportunity 4-6: Realign resources in the Disclosure and Data Systems Divisions to enable a more unified approach to disclosure. FEC should establish a single office for disclosure...responsible for creating the public record (from start to finish), as well as FEC compliance with the 48-hour rule.

While the Commission has not yet addressed the specific reorganization suggestion made here, and in recommendation #8, much attention is currently given to the smooth and quick processing of disclosure documents and development of the electronic public record. In general, PricewaterhouseCoopers found the Commission to be completing those requirements in a timely manner.

Improvement Opportunity 4-8: In the event that mandatory electronic filing seems unlikely in the foreseeable future, the FEC should explore alternate plans to the EFS that would optimize its existing investment in imaging technology by integrating compatible technologies such as optical character recognition (OCR), bar codes and workflow software.

See FEC response to Recommendations #5 and #10.

Improvement Opportunity 4-10: The FEC should continue to solicit input from both filers and internal staff regarding necessary enhancements to the electronic filing system.

The FEC regularly obtains feedback from external users (committees) during FEC workshops on electronic filing and from periodic surveys of the user community. The agency plans, as an additional step, to canvass the needs of internal FEC users (the staff). Sessions have been conducted with management staff in RAD and with all staff in the Information Division to familiarize them with the process and to receive feedback on questions and improvements. This interaction is specifically recognized in the "roll-out" phase of electronic filing, which begins in FY99.

Improvement Opportunity 4-15: Continue to calibrate the RAD referral thresholds with OGC Enforcement Section civil penalty guidelines so that RAD referrals to OGC result in conciliation agreements with monetary penalties.

The PwC Report noted that its "review of 20 randomly selected closed matters under review indicated a few referrals to OGC from RAD were beneath the threshold level established by OGC civil penalty guidelines for recommendation to the Commission. Continued efforts to harmonize the RAD referral criteria and OGC civil penalty guidelines will focus on reporting violations that warrant civil penalty disposition." PwC Report at page 4-46.

Moreover, the PwC Report stated that "audits for cause are not directly tied to OGC prioritization thresholds and often result in no enforcement action." PwC Report at page 4-52. The PwC Report also noted that "[i]t appears that PFESP and Audit Division resources could be better leveraged by the early identification in the audit cycle of whether the Matters Under Review are considered low-rated or have inherent statute-of-limitations timelines that would inevitably lead to dismissal." PwC Report at page 4-75.

The Enforcement Section has previously worked with the Reports Analysis Division to adjust the referral thresholds. As a result, there are rarely inconsistencies between the thresholds for referral and the civil penalty guidelines. Enforcement will continue to work with RAD and recommend adjustments, where necessary, to maintain consistency between the two program areas. Moreover, the Office of General Counsel Public Financing, Ethics and Special Projects Section ("PFESP") and the Audit Division are working to make the audit referral thresholds consistent with EPS II. PFESP and Audit are currently working on proposed materiality thresholds for the 1998 election cycle authorized committees referred for section 438(b) audits. The two divisions will continue to review the Title 2 audit and referral processes with a view towards recommending process improvements.

Improvement Opportunity 4-16: To increase the level of detection of patterns of improper campaign finance practices, RAD should initiate a data-mining and contributor-collaboration software pilot to assess the degree to which "financial" transaction violations can be identified.

Data Mining software refers to a complex software system based upon artificial intelligence techniques which is used to identify subtle patterns in large volumes of data. In order to utilize these tools, the Commission must first migrate existing information into a client-server database environment within which these tools can be used. This effort is currently in development as previous answers have indicated. Data Mining would also be most useful when the majority of disclosure information comes to the Commission electronically because that data is more comprehensive than the material we computerize from paper reports.

The Commission does, however, currently use data collected from reports to examine a variety of issues related to contributions in support of the review process.

Improvement Opportunity 4-20: Development efforts should be initiated by OGC to define additional scoring criteria that estimate resource allocation by tier of case.

See FEC Response to Recommendation # 11.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

March 12, 1999

MEMORANDUM

TO: The Commission

FROM: James A. Pehrkon
Acting Staff Director

SUBJECT: Presidential Election Campaign Fund—Status Report and Estimated
Deposits and Pay-outs

Attached for your information are two memoranda, prepared by the Audit Division, regarding the Presidential Election Campaign Fund. These documents are the first two in a series of updates on the status of the Fund.

The first document, dated, February 17, 1999, provides a preliminary analysis of the Fund's stability.

The second document, dated March 12, 1999, projects a fairly significant, albeit temporary, shortfall through calendar year 2000; the Fund will regain solvency in April 2001, as a result of March 2001 deposits.

Attachments



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

February 17, 1999

MEMORANDUM

TO: JAMES PEHRKON
ACTING STAFF DIRECTOR

THROUGH: ROBERT J. COSTA *RJC*
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

FROM: RAY LISI *RL*
DEPUTY ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: UPDATE ON STATUS OF PRESIDENTIAL ELECTION
CAMPAIGN FUND

As of December 31, 1998, the PECF balance was \$133,194,011.05. Total deposits for calendar year 1998 were \$63,273,081. This amount is approximately 3 million less than the average amount deposited in the last three years. I don't want to speculate as to why there has been such a drop but if the trend continues through 1999 we could be looking at as much as 6 million less available on January 1, 2000, than what was estimated available in John's May 1998 memo. There is one small bright spot and that is the fact that the actual increase in the inflation rate (CPI) for 1997 was lower than the estimated inflation factor used in John's memo. Since the payouts are adjusted for inflation any reduction in the inflation rate translates into less of a set aside for the conventions and general elections. In addition the Bureau of Labor Statistics made revisions to the consumer price index term structure and expenditure weights at the end of 1998. These changes could result in a .2% or larger reduction in inflation rates beginning with 1999.

Following is an amended Attachment A to John's memo which takes into account the actual 1998 deposits and the actual increase in the CPI for 1997. The anticipated demand totals for the conventions and general elections have been adjusted to reflect the spring preview estimates sent to Treasury in December 1998. These estimates include an adjustment for the actual 1997 CPI and an adjustment to the CPI numbers for 1999 and 2000. I have also adjusted the original estimates for deposits in 1999 and 2000 from 66.3

million to 63.3 million under the assumption that the 1998 deposits more closely reflect future amounts deposited. Of course anticipated demand and any resulting shortfall is subject to fluctuations based on the number of candidates and the amount of funds raised in 1999.

An explanation of how the estimated payouts for 2000 were calculated is in John's memo on page 3. However, rather than use an estimated payout range, the January 2000, estimated payout is based on the December 1998 Spring preview estimates. Based on the revisions noted above the estimated January 2000, payments would be pro-rated at approximately 32 cents on the dollar.

If you have any questions concerning this matter, please contact Ray Lisi ext.1200.

2000 PRESIDENTIAL ELECTION PUBLIC FUNDING SHORTFALL PROJECTION

(all sums are in millions of dollars)

1. RECEIPTS:	starting balance (end of CY 96):	\$ 3.6
	CY 97 receipts (actual)	66.3
	CY 98 receipts (actual)	63.3
	CY 99 receipts (est)	63.3
	CY 00 receipts (est)	<u>63.3</u>

TOTAL AVAILABLE: **\$ 259.8**

2. ANTICIPATED DEMAND:

A. Convention Grants:

RNC:	\$ 13.2
DNC:	13.2
REFORM:	<u>2.5</u>

TOTAL CONVENTIONS: **\$ 28.9**

balance remaining for general and primaries: **\$230.9**

B. General Election Grants:

DEMOCRAT:	\$ 67.3
REPUBLICAN:	67.3
REFORM:	<u>12.6</u>

TOTAL GENERAL ELECTION SET ASIDE: **\$147.2**

balance remaining for primaries: **\$ 83.7**

available on January 1, 2000 (excluding 2000 receipts) **\$ 20.4**

C. Primary Matching Fund Entitlement:

	<u>JANUARY 1</u>	<u>FULL CYCLE</u>
1984 - 11 CANDIDATES	\$ 7.8	\$ 36.5
1988 - 15 CANDIDATES	28.7	67.5
1992 - 08 CANDIDATES	6.4	43.4
1996 - 11 CANDIDATES	37.4	58.5
2000 - ?	63.1	98.7



FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

March 12, 1999

MEMORANDUM

TO: JAMES PEHRKON
ACTING STAFF DIRECTOR

FROM: ROBERT J. COSTA *RJC*
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: ESTIMATES OF DEPOSITS AND PAYOUTS TO THE FUND

As requested, a monthly projection of the estimated deposits and payouts to the Presidential Election Campaign Fund (the Fund) for the 2000 Presidential cycle has been performed. (See attached schedule)

The projection assumes that the Fund will have 20.4 million dollars available for distribution at January 1, 2000, after setting aside the convention and general election grants. This amount contains all deposits to the Fund through November 1999, which will be the latest figure available at that time. The estimate of monthly deposits to the Fund for calendar year 2000 was calculated by first determining the average monthly deposits to the Fund for calendar years 1996 through 1998 and then calculating the percent of the average yearly total deposited each month. This average monthly percentage was then applied to the 63.3 million estimated to be deposited to the Fund in calendar year 2000 to arrive at an estimate of the monthly deposits to the Fund in calendar year 2000.

The estimate of monthly payouts was calculated using the 98.7 million total estimated 2000 cycle payout as reported to the Department of Treasury in Nov 1998 spring preview estimate as a base. In order to estimate the monthly payout amounts the 1996 election cycle was used as a historical base because it resembles the 2000 election cycle which has a similar early calendar for primary elections. Using the monthly payouts for 1996, the percentage that each monthly payout represented of the total 1996 payout was calculated and that percentage was applied to the total estimated 2000 payout to arrive at estimated monthly payouts for 2000.

If all of the estimates and presumptions discussed above are correct, based on these calculations, a shortfall will exist in the Fund through calendar year 2000. The March 2001 deposits which will be available in April 2001 will restore solvency to the Fund.

If you have any questions regarding this matter, please contact Ray Lisi at Ext. 1200.

Schedule of Estimate of Monthly Amounts Available in PECF

	1	2	3	4	5	6	7
	Description	Estimated BCOH (Footnote 1)	Estimated Deposit Amount	Estimated Certified Amount	Estimated Paid Out Amount	Estimated Shortfall/Month Amount	Percent Paid of Amt Certified
1 12/1999 Memo	Estimated Available Balance @ January 1, 2000	20,400,000.00		\$62,881,553.03	20,400,000.00	-42,581,553.03	32.35%
2	January 2, 2000		\$112,000.00				
3 Footnote 2	January 20, 2000		\$579,171.08		112,000.00	-48,485,900.02	0.23%
4 Footnote 3	January 20, 2000		\$7,669,225.52		7,669,225.52	-47,906,728.84	1.19%
5	February 2, 2000		\$14,255,542.44		14,255,542.44	-44,216,431.35	17.46%
6	February 20, 2000		\$10,839,232.68		10,839,232.68	-34,964,025.02	38.35%
7	April 20, 2000		\$13,684,331.67		13,684,331.67	-31,904,049.72	39.87%
8	May 20, 2000		\$9,739,810.48		9,739,810.48	-21,650,793.88	48.06%
9	June 20, 2000		\$2,856,051.26		2,856,051.26	-14,565,748.43	51.27%
10	July 20, 2000		\$1,114,000.64		1,114,000.64	-14,231,043.99	23.71%
11	August 20, 2000		\$1,010,261.50		1,010,261.50	-13,793,083.86	8.22%
12	September 20, 2000		\$614,258.42		614,258.42	-13,124,390.20	7.73%
13	October 20, 2000		\$829,849.04		829,849.04	-12,762,502.06	4.63%
14	November 20, 2000			\$237,277.53			
15	December 20, 2000			\$487,960.90			
16				\$292,899.46			
17 Footnote 4	January 2001		\$108,265.25		108,265.25	-12,947,136.26	
18	February		\$579,171.08		579,171.08	-13,309,253.69	
19	March		\$7,669,225.52		7,669,225.52	-6,639,603.40	
20	April		\$14,255,542.44		14,255,542.44	7,815,939.04	
21							
22							
23							
24							
25							

Footnote 1 Includes deposits through November 1999.

Footnote 2 This deposit represents December 1999 Receipts-Source avg 1996-98 actual Dec receipts from yellow sheet dated April 1998

Footnote 3 Estimated deposit amounts for a particular month become available for disbursement in the succeeding month

Footnote 4 The deposit amounts are same amounts used for 2000. These amounts were derived by averaging actual deposits for 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Report of the Audit Division on	)	Agenda Documents
Clinton/Gore '96 Primary Committee,	)	No. 98-85, No. 98-87,
Inc.; Report of the Audit Division)	)	and No. 98-92
on the Dole for President	)	
Committee, Inc. (Primary).	)	

CERTIFICATION

I, Mary W. Dove, recording secretary for the Federal Election Commission open meeting on Wednesday, December 9, 1998, do hereby certify that the Commission failed by a vote of 3-2 to pass the motion set forth in Agenda Document No. 98-92, as follows:

The Commission determines that it will make no repayment determinations based on alleged overall excessive spending by candidates receiving presidential primary matching funds. The Commission directs the audit staff to revise pending audit reports to delete repayment recommendations made on this basis and to recalculate repayment ratios for remaining repayment recommendations without regard to alleged excessive overall spending.

Commissioners Elliott, Mason, and Wold voted affirmatively for the motion; Commissioners McDonald and Thomas dissented; and Commissioner Sandstrom abstained.

Attest:

December 11, 1998
Date

Mary W. Dove
Mary W. Dove
Deputy Secretary of the
Commission

AGENDA DOCUMENT NO. 98-92

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRET

Nov 25 3 30 PM '98

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

November 25, 1998

AGENDA ITEM

For Meeting of: 12-3-98

MEMORANDUM

TO: THE COMMISSION

FROM: COMMISSIONER MASON 

SUBJECT: DOLE AND CLINTON AUDITS - REPAYMENT DETERMINATIONS

I intend to offer the following motion in connection with the Commission's consideration of the Dole and Clinton audits.

Motion

The Commission determines that it will make no repayment determinations based on alleged overall excessive spending by candidates receiving presidential primary matching funds. The Commission directs the audit staff to revise pending audit reports to delete repayment recommendations made on this basis and to recalculate repayment ratios for remaining repayment recommendations without regard to alleged excessive overall spending.

Discussion

It is my contention that the Commission is without statutory authority to order repayments based on alleged excessive spending under the primary matching fund act, and that the theory underlying the current regulation purporting to establish a basis for such repayments (11 CFR 9038.2(b)(2)(ii)(A)) is effectively prohibited by the statute (as discussed below). Even if the regulation is held to be valid, on its face it allows, but does not require, the Commission to make repayment determinations on the bases specified. In the circumstances of these audits, the Commission would be justified in exercising discretion by not making repayment determinations based on alleged excessive spending. Court decisions upholding repayment determinations based on violations of state-by-state spending limits provide no support for repayment determinations based on allegations that the expenditure of private funds resulted in excessive overall spending.

A. Basis for repayment

Title 26, Chapter 96 (presidential primary matching fund), Sec. 9038, provides three bases for determining repayments of matching funds:

1. payments in excess of entitlement;
2. payments used for other than qualified campaign expenses;
3. excess funds (remaining six months after payment period).

Title 26, Chapter 95 (presidential general election funding), Sec. 9007 provides four bases for determining repayments of general election funds:

1. payments in excess of entitlement;
2. an amount equal to any excess qualified campaign expenses;
3. an amount equal to any contributions accepted;
4. payments used for other than qualified campaign expenses.

The provisions on "payments in excess of entitlement" and "other than qualified campaign expenses" are nearly identical between the two chapters. Inasmuch as Congress specified "excess expenses" as a repayment basis separate from "other than qualified campaign expenditures" in Chapter 95, the nearly identical provision on "other than qualified campaign expenses" in Chapter 96 cannot reasonably be read to include excess expenses.

B. Qualified Campaign Expense Limitation

The argument against treating "excess" campaign expenditures as "non qualified" is buttressed by the text of the "Qualified campaign expense limitation" (Sec. 9035) itself, which prohibits candidates from "knowingly incur[ing] qualified campaign expenses in excess of the expenditure limitation applicable under section 441a(b)(1)(A) of title 2." First, it is impossible to read this section on its face except as treating "excess" spending as "qualified." Arguing that the definition of "qualified campaign expense" in Section 9032(9) excludes spending in excess of the applicable limits would make Section 9035 wholly redundant, a reading which would violate a basic principle of statutory construction. In fact, if spending in excess of applicable limits is, by definition, not a "qualified campaign expense," there would be no circumstance in which section 9035 could have any effect.

C. Inappropriateness to Audit Process

Section 9035 states clearly that exceeding the primary spending limits is a title 2 violation, which would not be addressed in the audit/repayment process. Generally the audit/repayment process is unsuited to deciding significant factual and legal questions related to determining whether a spending violation is knowing, as required under both statute and regulations, especially in cases of alleged coordination. Further, the repayment remedy, designed to protect the public fisc, is unsuited to redress allegations, such as those in the pending audits, of excessive spending of private funds.

The *Glenn* case supports rather than rebuts the argument that repayment determinations based on alleged excessive private spending are inappropriate to the audit process. First, the *Glenn* decision specifically reserved (and thus contemplated) addressing violations committed wholly with private funds. Second, the repayment methodology approved in that decision (the proportional repayment established in the statute for surplus funds) has no logical application to private funds which were never part of the unified pool of funds in a primary campaign's own accounts.

98-92-A

For indexing on: 12-9-98

December 8, 1998

SUPPLEMENTAL/REPLY MEMORANDUM

TO: THE COMMISSION

FROM: COMMISSIONER MASON 

SUBJECT: DOLE AND CLINTON AUDITS: Why "Excess Expenditures" Is Not A Basis For Repayment Determinations

This memorandum supplements my prior memorandum to the Commission (dated November 25, 1998; Agenda Document No. 98-92) concerning its ability to order repayments based on alleged overall excessive spending by candidates who received presidential primary matching funds. It also replies to arguments the Office of General Counsel (OGC) made regarding this issue in its memorandum to the Commission (dated December 2, 1998; Agenda Document No. 98-95).

I. "Excess Expenditures" In Title 26, Chapter 96, § 9038, Is Not A Basis For Repayment Of Presidential Primary Matching Funds.

The plain language of 26 U.S.C. § 9038, its legislative history, and the principles that animate the operation of Chapter 96 strongly suggest that the Commission is precluded from ordering candidates to "repay" presidential primary matching funds if they exceed the primary spending limit. In the alternative, even if the Commission disagrees with this analysis, it is nevertheless unable in this case to order the campaign committees of Senator Dole and President Clinton to pay the federal government the private monies (represented by the RNC and DNC media ads) that allegedly caused these campaigns to exceed the primary spending limits.

A. Rules Of Statutory Construction Do Not Support Requiring Repayments Based Upon Excessive Spending.

"Excess expenditures" is not listed in § 9038 as a basis for calculating the repayment of presidential primary matching funds. As a result, the Commission does not possess the basic statutory authority to order candidates to "repay" monies to the federal government for spending above the primary election limits. See *United States v. Martino*, 681 F.2d 952, 954 (5th Cir. 1980) (en banc) (internal citations and quotations omitted) ("Resolution of this issue of statutory construction must begin with an analysis of the

language of the statute itself. In the absence of a clearly expressed legislative intention to the contrary, the plain language of the statute controls its construction.”); *id.* at 958, n. 22 (internal citation omitted) (“the language of the statute is the most reliable evidence of [Congressional] intent . . .”); *Kennedy For President Committee v. Federal Election Commission*, 734 F.2d 1558, 1561-1562 (D.C. Cir. 1984) (interpreting 26 U.S.C. § 9038(b)(2)) (emphasis added) (“Because nothing in the legislative history suggests that Congress intended any other result, we interpret the statute in accordance with its straightforward meaning.”).

The Congressional intent to be gleaned from this plain reading of § 9038 is underscored by the language Congress used to draft this statute’s general election counterpart, 26 U.S.C. § 9007 (repayment provision for general election funding). As I noted in my prior memorandum, § 9007 includes repayment provisions identical to those in § 9038 for payments in excess of entitlement and payments used for other than qualified campaign expenses. The key difference between the two provisions for purposes of this discussion, however, is that unlike § 9038, § 9007 expressly provides that the Commission may order repayments based upon excessive spending.¹

The absence of “excessive spending” as a repayment basis in § 9038 (primary election repayment statute) in contrast with its presence as a repayment basis in a parallel provision § 9007 (general election repayment statute) is significant in two respects. First, that Congress set forth “excessive spending” as a basis for repayment of general election funds, but not for primary election funds, indicates that it did not intend to order presidential candidates to “repay” primary matching funds based upon such spending. See *Kennedy*, 734 F.2d at 1563 (comparing 26 U.S.C. § 9038(b)(3) with *id.* at § 9038(b)(2)) (“where Congress includes particular language in one section of a statute but omits it in another section of the same Act, . . . Congress acts intentionally and purposefully in the disparate inclusion and exclusion.”). In short, if Congress had intended to authorize the repayment of primary election matching funds based on excessive expenditures, it simply would have said so, just as it did when it authorized repayments for general election funds on this basis. See *id.*; see also *id.* at 1567 (Starr, J., dissenting) (analyzing 26 U.S.C. § 9038(b)(3)) (“If Congress had intended the application of the repayment formula sought by the Commission and apparently approved by the majority, it presumably would have so specified in that statutory provision.”).

Indeed, that Congress knew how to authorize repayment calculations in § 9038 based upon excessive spending but simply chose not to, see *id.* at 1567 (Starr, J., dissenting) (analyzing 26 U.S.C. § 9038(b)(2)) (“This principle suggests that Congress knew what it was doing when it elected not to incorporate in the provision before us the allocation formula found elsewhere in the statutory scheme . . .”), is evident not only from its use of “excessive expenditure” language in § 9007, but from these statutes’ chronology. More specifically, § 9007, the general election repayment statute, was first

¹ The other main difference is that § 9007, unlike § 9038, also provides that the Commission may calculate repayments based upon the amount of private contributions a candidate accepts.

enacted in 1971. Its primary election counterpart, § 9038, was not enacted until 1974, at which time Congress *reenacted* § 9007. That § 9007 *preceded* § 9038, and then was reenacted along with § 9038, reinforces the conclusion that Congress purposefully chose different bases for calculating repayments of primary and general election funds, and that it did not want to authorize repayments based upon excessive primary election spending.

Second, Congress set forth "excessive spending" and "other than qualified campaign expenses" as separate bases for calculating the repayment of general election funds. 26 U.S.C. § 9007. It is a basic principle of statutory construction that different terms in the same statute must be given different meanings, for Congress shall not be presumed to enact redundant language. *United States v. Marubeni*, 611 F.2d 763, 766, 767 (9th Cir. 1980). Thus, "excessive spending" and "other than qualified campaign expenses" in § 9007 mean different things.² See *id.*

Another principle of statutory construction is that the same language used in two different statutes must be given consistent meanings, unless Congress clearly intended the same language to have different meanings. Cf. *id.* at 766. Thus, because Congress did not clearly intend otherwise, "other than qualified campaign expenses" in § 9007 and § 9038 must mean the same.

Finally, as noted, Congress set forth "other than qualified campaign expenses," not "excessive spending," as a basis for calculating repayment of primary election funds. 26 U.S.C. § 9038. Because this phrase cannot mean "excess expenditures" in § 9007 (for that statute separately sets forth "excess expenditures" as a repayment basis, *id.* at 766, 767), this phrase cannot mean "excess expenditures" in § 9038 (the meanings must be the same in § 9007 and § 9038, cf. *id.* at 766).

The upshot of this analysis is that Congress did not implicitly authorize the Commission to order repayments of excessively spent primary election funds via its authorization of "other than qualified campaign expenses" in § 9038. In other words, non-qualified expenses is not a catchall phrase in § 9038 that enables the Commission to make repayment determinations for excessive expenditures.³

² This, of course, accords with the common-sense understanding of these terms, another principle of statutory construction, see *Martino*, 681 F.2d at 954 ("We must assume that the legislative purpose is expressed by the ordinary meaning of the words used."). Spending more money than one should is different from spending one's money on things one should not, e.g., a candidate's purchase of a Jacuzzi might not cause the candidate to exceed the primary spending limit, but it would not be a qualified campaign expense; conversely, Candidate Smith's purchase of media time that said "Vote for Smith" would be a qualified campaign expense, even though it might cause him to exceed the primary election spending limit.

³ Most probably the reason Congress authorized excessive spending as a basis for repayment of general election funds, but not for primary funds, is due to the design of the primary matching fund statute. As will be discussed (Part B., *infra*), under Chapter 96, and as distinct from Chapter 95, excessive overall expenditures cannot increase a candidate's entitlement to public funds. Therefore, no recoupment could be due to the Treasury as a result of excessive primary election spending.

B. Not Requiring Repayments Based Upon Excessive Primary Expenditures Is Mandated By The Principles Behind The Operation Of Chapter 96.

The Commission can only require repayments of federal matching funds; it cannot require campaigns to pay to the federal government private monies. The District of Columbia Circuit made this point explicit in discussing the repayment obligations of candidates who spent campaign funds on unqualified expenditures.

[T]he issue [is] whether the Federal Election Commission acted within its statutory authority under the Primary Matching Payment Account Act (the Act), 26 U.S.C. §§ 9031-9042, in ordering a candidate to repay to the government the full amount of his campaign's unqualified expenditures *without regard to whether those expenditures were paid out of federal matching funds or private contributions*. We find that the statute gives rise to a repayment obligation *only* when the FEC determines that *federal matching funds* were used for unqualified purposes, and *limits the repayment obligation to the amount of federal matching funds* that were used for such unqualified purposes.

See Kennedy, 734 F.2d at 1559 (emphasis added); *see also id.* at 1561 (emphasis added) ("We hold that the statute requires the Commission to make a reasonable determination of the amount of *matching funds* used for unqualified purposes, and to *limit its repayment order to that amount*."); *id.* at 1562-1563 (emphasis added) ("the statute delegates to the Commission the task of estimating the amount of federal funds, *rather than private contributions*, that were spent for unqualified purposes. . . . [The statutory] leeway, however, does not authorize the FEC to abandon its responsibility to arrive at some reasonable method for determining the extent to which matching funds, *rather than private contributions*, were used for unqualified purposes.").* Indeed, it is for this reason that the District of Columbia Circuit expressly refused to comment on the constitutionality of provisions in the Matching Payment Act to the extent they penalized candidates who exceeded the spending limits with private funds. *See John Glenn Presidential Committee v. Federal Election Commission*, 822 F.2d 1097, 1100 (D.C. Cir. 1987) (emphasis added) ("we express no judgment on the constitutionality of the

* The reason for limiting repayment determinations to public funds is, of course, to recoup federal monies, *see id.* at 1562, n.6 ("The statute authorizes the FEC to recoup only an amount equal to the federal monies spent for unqualified purposes; it therefore mandates not only the repayment of the amount of federal matching funds used for unqualified expenditures, but also that the repayment amount be limited to that amount."), as opposed to supplying the government with a windfall of private funds. *See id.* at n.4 ("As the Commission has acknowledged, its existing regulations could conceivably result in the repayment of a greater sum of money than the candidate received in federal matching payments."); *id.* at 1565 ("the remedy prescribed under the administrative audit procedure is the repayment of the amount of federal money spent for unqualified purposes, not the total amount of unqualified expenditures [i.e., including private funds]."); *id.* ("when the FEC orders repayment pursuant to an administrative audit, the statute authorizes the agency to 'recoup' only the federal funds spent for unqualified expenditures.").

statutory provisions in point, 26 U.S.C. § 9035, 9042, if construed to penalize state-by-state expenditures from *nonpublic purses*.”).

The fact that the Commission can only order repayments of *federal* funds, coupled with the manner in which Chapter 96 operates, explains why Congress did not set forth “excessive expenditures” in 26 U.S.C. § 9038 as a basis for calculating repayments of primary matching funds. More specifically, candidates only receive *primary* election matching funds up to \$250 of each private contribution, *id.* at 1562 (quoting 26 U.S.C. § 9034(a)) (“In determining the amount of matching fund payments to which an eligible candidate is entitled, the Commission must disregard ‘any amount of contributions from any person to the extent that the total of the amounts contributed by such person . . . exceeds \$250 during the relevant period.’”), and then only if the total funds a candidate has raised (from both private and public monies) do not exceed the primary election spending limit. *Cf.* 26 U.S.C. § 9034(b) (“The total amount of payments to which a candidate is entitled under subsection (a) shall not exceed 50 percent of the expenditure limitation applicable under section 441a(b)(1)(A) of title 2.”). The Commission monitors the private monies raised and does not provide candidates with federal funds which, if spent, would cause them to violate the primary spending limits (in short, the Commission ensures that it is not an enabler of candidates who would exceed this limit). Thus, matching funds will not cause a candidate to exceed the primary election spending limit.

Or, to put it slightly differently, overall expenditures—including *excessive* (private) *expenditures*—do not increase a candidate’s entitlement to matching funds. His entitlement is determined solely by the amount of private money he *raises*. The District of Columbia Circuit noted this general point in rejecting the Commission’s attempt to order the repayment of private funds based upon the making of unqualified expenditures.

The FEC also appears to argue that it may compel repayment of private funds spent for unqualified purposes because, according to the Commission, the expenditure of private funds causes the candidate to receive “additional public funding,” and therefore the use of private money is “equivalent” to the use of federal funds (subject to repayment) for those purposes. Unqualified expenditures [like excessive expenditures], however, do not increase federal matching payments to the candidate who incurs them. . . . *Rather, the level of federal matching payments to a candidate is determined solely by the level of private “matching contributions” to that candidate. A candidate’s entitlement to a given level of public matching funds therefore in no way depends on how much that candidate spends, or whether that spending includes unqualified [or excessive] expenditures. Thus, we do not find this argument at all convincing, because unqualified expenditures [like excessive expenditures] do not cause additional federal monies to flow to the candidate’s coffers.*

Kennedy, 734 F.2d at 1564, n.8 (emphasis added) (internal citations omitted).

In sum, the Commission can only order repayments of federal funds, *Kennedy, supra*, but a candidate will not exceed the primary spending limit with such funds. Cf. 26 U.S.C. § 9034, *supra*. And while a candidate may exceed the primary spending limit with private funds (by raising (and spending) additional private monies after having received maximum matching payments), the Commission is not able to order a candidate to (re)pay private monies (such spending does not implicate the reason for a repayment: protecting the public fisc). *Kennedy, supra*. Because of these principles, then, a situation will not arise where the Commission will need to order repayments based upon excessive spending. As a result, there was no need for Congress to include such a basis in § 9038.⁵

This is in contrast to Chapter 95, and explains why "excessive expenditures" is a basis for ordering repayment of general election funds. Candidates receive *general* election funds in a lump sum amount. 26 U.S.C. § 9004(a)(1) ("The eligible candidates of each major party in a presidential election shall be entitled to equal payments under section 9006 in an amount which, in the aggregate, shall not exceed the expenditure limitations applicable to such candidates under section 441a(b)(1)(B)."); *id.* at § 9005(a) ("the Commission shall certify to the Secretary of the Treasury for payment to such eligible candidates under section 9006 payment in full of amounts to which such candidates are entitled."). Unlike the case with primary matching funds, the Commission does not monitor, prior to providing candidates with general election funds, the amount of private contributions (if any) a candidate has raised. *Id.* at § 9006(b) ("Upon receipt of certification from the Commission under section 9005 for payment to the eligible candidates of a political party, the Secretary of the Treasury shall pay to such candidates out of the fund the amount certified by the Commission. Amounts paid to any such candidates shall be under the control of such candidates."). It simply does not know, then, whether candidates have raised private monies which, if spent along with the lump sum federal payment, would cause them to exceed the general election spending limit. Thus, depending on the private monies a candidate has raised, federal (lump sum) funds could cause a candidate to exceed the general election spending limit. To address this possibility, § 9007, unlike § 9038, authorizes repayments based on excessive general election spending.

⁵ A candidate could, however, receive more federal funds than those to which he is entitled, and he could improperly spend the federal funds he did receive. Therefore, § 9038 authorizes repayments based on excess matching funds and on improper (non-qualified) expenses, respectively (as well as if he has leftover funds).

- C. In the alternative, even if the Commission were to disagree that it cannot, as a general rule, require repayments based on excessive spending, the RNC and DNC ads at issue were spent with purely private funds to which the federal government is not entitled, nor did the private monies spent on these ads cause the federal government to provide matching funds which were then used to exceed the primary spending limit.

OGC argues that the RNC and DNC ads were in-kind contributions to Senator Dole and President Clinton and, as such, are deemed candidate expenditures. Assuming, *arguendo*, that OGC is correct, and that these ads caused the candidates to exceed the primary expenditure limit, they were still purchased with private monies. Thus, it was *private* funds that were spent in excess of the spending limits. But as demonstrated in Part I.B., *supra*, and as OGC recognizes, the purpose of repayments in the audit process is to recoup federal funds. Thus, even if the Commission disagrees with me that it does not possess the authority, as a general proposition, to order repayments based upon excessive expenditures, at least in this case, the private monies spent on the RNC and DNC ads—even if they are deemed excessive candidate expenditures—cannot, *themselves*, be part of a repayment calculation.

Furthermore, these private monies did not *cause* Senator Dole or President Clinton to receive *additional public* monies. For by both its terms and its operation, the Primary Matching Fund Act excludes in-kind contributions.

Specifically, even if the RNC and DNC ads were otherwise in-kind contributions, they would not have qualified as private contributions for matching fund purposes because they do not satisfy the requirements for matching payments in § 9034(a): they were not “gift[s] of money made by a written instrument which identifie[d] the person making the contribution by full name and mailing address” As a result, *no federal funds would have been given to the Dole or Clinton campaigns because of these alleged (in-kind) “contributions.”* In this regard, and contrary to OGC’s assertion, the *Kennedy* opinion flatly states that in-kind contributions do *not* qualify for matching fund purposes.

In determining the amount of matching fund payments to which an eligible candidate is entitled, . . . numerous kinds of receipts are not “matchable,” such as cash contributions, credit card transactions, *in-kind contributions*, and contributions made before the matching payment period begins.

734 F.2d at 1562, n.5 (citing 11 C.F.R. §§ 9034.2, 9034.3 (1983)) (emphasis added). If (excessive) in-kind contributions cannot be included for eligibility purposes under § 9034(a), then they cannot be included for repayment purposes under § 9038.

Furthermore, not only does 26 U.S.C. § 9034(a) exclude in-kind contributions for matching fund *eligibility* purposes, it also excludes them for *expenditure limit* purposes. Specifically, § 9034(a) states that “[f]or purposes of this subsection and section 9033(b), the term ‘contribution’ means a gift of money made by a written instrument which identifie[d] the person making the contribution by full name and mailing address” *Id.* (emphasis added). Subsection (b)(1) of § 9033 sets forth the *expenditure* limitation requirements for the Presidential Primary Matching Payment Account Act. It provides that “the candidate and his authorized committees will not incur qualified campaign expenses in excess of the limitations on such expenses under section 9035.” 26 U.S.C. § 9033(b)(1) (emphasis added). Thus, § 9034(a) provides that in-kind contributions are not to be included in determining whether candidates have exceeded the expenditure limitations to which § 9035 refers. As a result, they cannot be part of a repayment determination.

Finally, even if § 9034(a) did not exist and the RNC and DNC ads were contributions for matching fund purposes, the Act, by its operation, would not have given funds to the Dole and Clinton campaigns to match the cost of these ads. As noted in Part I.B., *supra*, the government only provides matching funds up to \$250 for each contribution and then only if the “matched” funds, when added together with the private funds a candidate has raised, will not cause the candidate to exceed the primary spending limit. Because “matched funds” for these “ad contributions” would have caused these campaigns to exceed the primary spending limits, the Commission would not have given matching funds to these candidates. As a result, there are no federal funds to recoup.

II. OGC Errs In Asserting That “Other Than Qualified Campaign Expenses” In The Presidential Primary Matching Account Fund Act Is A (Catchall) Basis For Authorizing Repayments Based Upon Excessive Spending. In other words, excessive expenditures are not “non-qualified expenditures.”

OGC asserts that although the Presidential Primary Matching Account Fund Act does not set forth “excessive expenditures” as a basis for repayment calculations, the Commission may nevertheless include such expenditures in determining repayments based upon the “other than qualified campaign expenses” provision in § 9038(b)(2). More specifically, it asserts that Chapter 96 excludes from the definition of “qualified campaign expense” payments “which constitute[] a violation of any law of the United States” 26 U.S.C. § 9032(9)(B); that expenditures in excess of the expenditure limits violate the law (specifically, 2 U.S.C. § 441a(b)(1)(A)), *see* 26 U.S.C. § 9035(a); that as a result, “excessive expenditures” are not “qualified expenditures”; and that therefore the “other than qualified campaign expenses” provision of § 9038 encompasses “excessive expenditures.” Indeed, OGC notes that in *Kennedy*, the court (albeit briefly in a footnote) seemed to observe as much. 734 F.2d at 1560, n.1 (“Under 26 U.S.C. § 9035, campaign expenditures are not ‘qualified’ if they exceed certain spending limits”). (*Glenn*, in turn, cited this footnote from *Kennedy*, without analysis. 822 F.2d at 1099.).

This portion of *Kennedy* is dictum. The Kennedy For President Committee did "not challenge the FEC's determination of the amount of unqualified expenditures." 734 F.2d at 1560. If it had, it would have had to address the threshold question of *what* expenditures are "qualified." The Commission should not rely upon a lone instance of unanalyzed dictum in a footnote to the exclusion of the plain language of 26 U.S.C. § 9038. This is particularly true when analyzing this language under well-known principles of statutory construction demonstrates that "other than qualified campaign expenses" cannot mean the same thing as "excess expenditures." See Part I.A., *supra*.

OGC's argument that "excess expenditures" are "non-qualified expenditures" also violates the plain language of several other provisions of the Primary Matching Fund Act, all of which presume that "excess expenditures" (payments that exceed the spending limit) can be "qualified expenditures" (payments that are for campaign, rather than personal, purposes). See 26 U.S.C. § 9007(b)(2), providing that *excess qualified* campaign expenses are a basis for repaying general election funds. *Id.* (emphasis added) ("If the Commission determines that eligible candidates . . . incurred *qualified campaign expenses in excess* of the aggregate payments to which [they] were entitled . . . such candidates shall [re]pay . . . an amount equal to such amount."); *id.* at § 9035, prohibiting candidates from "knowingly incur[ing] *qualified campaign expenses in excess* of the expenditure limitation applicable under section 441a(b)(1)(A) of title 2." 26 U.S.C. § 9035 (emphasis added); *id.* at § 9033(b)(1), stating that to receive primary matching funds, "a candidate shall certify . . . that [he] and his authorized committees will not incur *qualified campaign expenses in excess* of the limitations on such expenses under § 9035." *Id.* (emphasis added).

Furthermore, OGC's conclusion that "excessive expenditures" are not "qualified campaign expenses" would render provisions in Chapter 95 and 96 illogical. For example, if the definition of "qualified campaign expense" in § 9032(9) (primary matching fund act) excluded spending in excess of the primary election limit (because such spending violated the law), the prohibition on exceeding the spending limits in § 9035 would be unnecessary. Why would Congress have prohibited someone from "incur[ing] qualified campaign expenses in excess of the [applicable] expenditure limit" (§ 9035), if, by definition (§ 9032(9)), a "qualified campaign expense" does not include "excessive expenditures"?

As another example, if essentially the same definition of "qualified campaign expense" in § 9002(11) (general election fund act) excluded spending in excess of the general election limit (because such spending violated the law), the authorization in § 9007(b)(2) to require repayments of excess expenditures would be redundant. Why would Congress have authorized repayments based on excess expenditures in § 9007(b)(2), when, in the same statute, it already authorized repayments based on non-qualified campaign expenses in § 9007(b)(4), and excess expenditures are deemed non-qualified expenditures? See *Marubeni*, 611 F.2d at 767 ("The rule is well established that statutes should not be construed to make surplusage of any provision.").

The argument that § 9035 exists to enable the Commission to calculate repayments based upon excess expenditures is puzzling in another respect. If Congress had wanted to authorize repayment determinations based upon excessive spending, why would it have included § 9035 as the indirect (and implicit) basis to authorize such determinations under § 9038, when it could have directly (and expressly) done so, just as it did in § 9007?⁶ *See id.* at 769 (“To remedy this failure, the proposed statute adopts the most direct route open to accomplish the desired objective.”).

The more likely explanation for the existence of § 9035 in Chapter 96, and the absence of a comparable provision in Chapter 95, is due to the different remedies Congress prescribed for each chapter. Congress knew that it would not have the need to recoup federal funds based on excessive primary expenditures (because the Commission would not grant matching funds that would cause a candidate to exceed the spending limits) or the ability to obtain repayments for the private monies that could exceed the primary spending limit. *See Part I.B., supra*. Nevertheless, it wanted to impress upon candidates that there would be penalties (in an enforcement action pursuant to Title 2) if they violated the primary spending limits.

Conversely, Congress knew that candidates could exceed the general election spending limits with the lump sum general election funds they obtained. *See Part I.B., supra*. Accordingly, it authorized the Commission to order repayments based upon such excessive spending. Because it thus provided a remedy to recoup federal monies that were used in this regard, it did not need a “warning provision” in Chapter 95 that was comparable to § 9035.

Finally, if the Commission believes that excessive primary expenditures are non-qualified expenditures for purposes of repayment determinations, such repayments must be limited to private monies. As the *Glenn* Court noted, “this Court has underscored [that repayment determinations] appl[y] only to federal funds, *not to private monies, spent for unqualified purposes*, i.e., in excess of congressionally-prescribed limitations on spending in each state.” 822 F.2d at 1100 (emphasis added). Because, as noted, the RNC and DNC media ads were paid for with private monies (and they did not cause the candidates to receive additional public monies), they cannot be the basis for repayment calculations, even under OGC’s interpretation of § 9038.

⁶ OGC’s theory thus violates Occam’s (or Ockham’s) Razor: “the simplest of two or more theories is preferable.” *The American Heritage Dictionary*, 3rd edition (1997) at 944.



OFFICE OF VICE CHAIRMAN

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

**Statement for the Record in Audits of
Clinton/Gore and Dole/Kemp Campaigns**

Scott E. Thomas
Vice Chairman

On December 10, 1998, the Federal Election Commission ("FEC" or "Commission") approved a motion rejecting certain staff recommendations for repayment of public funds in the audits of the 1996 Clinton and Dole campaigns. The repayment recommendations in question stemmed from party ads that would cause excessive spending if attributed to the candidates' campaigns.

This vote, although unanimous, reflected several different rationales among the six voting commissioners. The media reports and editorials following the vote did not capture the distinctions and nuances involved. It is for that reason I offer the following preliminary statement explaining my vote and my avid dissent from the legal theory underlying the vote of three of my colleagues.

I clearly indicated during the previous two days of discussion my agreement that certain of the ads in question should be attributed to the candidates' campaigns, and should generate a repayment to the extent excessive expenditures resulted. I further indicated, however, that some of the ads fell short of being attributable to the candidates' campaigns. Moreover, I believed the national parties were legally free to use their available coordinated expenditure allowances for any of the ads. Where the parties so chose, the ads should not be attributable to the candidates' campaigns. Thus, on the motion proffered, I voted in the affirmative because the motion was to reject the staff's repayment recommendation that encompassed all the ads in question.

It would have been an exercise in futility to attempt separate votes on whether to seek repayment with regard to each of the ads in question. The previous day, December 9, three commissioners (Mason, Wold and Elliott) indicated they would not vote to seek repayment relating to excessive spending by a primary campaign under any circumstances. Thus, even if at least four commissioners believed certain ads should count toward a candidate's spending ceiling, there would be no repayment because, according to these three

commissioners, any repayment order for excessive primary campaign spending would be beyond the FEC's authority. See Agenda Docs. 98-92 and 98-92A.

Faced with the reality of no repayment at all regarding excessive spending generated by the party ads, the question remained whether to debate further for hours—perhaps days—about “determining” some or all of the ads to be in-kind contributions for purposes of the audit report. See, e.g., Report of the Audit Division on Clinton/Gore Primary Committee, Inc. at 43. In view of the need to complete the audits in time to meet the three-year statute of limitations,¹ and in view of the awkwardness of publicly discussing matters that would now only have relevance to potential confidential compliance determinations,² commissioners opted to instead direct the Audit Division to revise the report to simply clarify that the factual and legal analysis therein regarding the party ads does not reflect any commissioner determinations.³

The net result of the votes taken on December 9 and 10 is that any repayment stemming from the party ads is off the table, and any further action regarding the ads will occur, if at all, in the context of a compliance action. Without presaging whether any findings of civil violation will be made, it is theoretically possible the FEC will press forward in the enforcement track and obtain civil penalties or some other form of monetary or injunctive relief. The doom and gloom described by commentators is perhaps premature.

Regardless, several important points should be made about the view taken by three commissioners that no repayment whatsoever may be required for excessive spending by a primary candidate. I find this approach plainly contrary to public policy, in flat violation of majority-passed FEC regulations, and far less justified by the statute than the agency's long-held interpretation.

It is hardly compatible with the presidential public funding program to allow a candidate who spends above the spending ceiling to escape repayment of the public funds that were constructively involved. This is just as true in the primary matching fund program as it is in the general election program where major party candidates have been given a full grant. In both situations, public funds should be recovered where they were used to get to the spending ceiling but not needed. In other words, a campaign should be forced to return to the Treasury the amount of public funds used getting to the limit that corresponds to the amount of private funds otherwise spent to go above the ceiling. Where

¹ 26 U.S.C. §§ 9007(c); 9038(c)

² See 2 U.S.C. § 437g(a)(12)(A)

³ The FEC also voted on December 9 to treat any RNC ads run before the convention nomination as primary-related, rather than general-related. This was to afford equal treatment with the DNC whose ads were subjected by the staff to an FEC regulation allocating to the primary any communications not exclusively general-related. Common sense dictates that the RNC ads run before the nomination were no more exclusively general-related than those of the DNC.

campaigns cheat on the spending ceilings, they should disgorge any public funds not needed to get to the ceiling in the first place.⁴

The so-called "mixed pool theory" in the matching fund context properly addresses this public policy. By treating all available resources as fungible—just as all the expenditures making up the spending total are fungible—the Commission properly requires repayment of the portion of any excess spending that corresponds to the public funds ratio. Importantly, the "mixed pool theory" only works if all resources—public funds, private contributions deposited, and in kind contributions—are included. Just as in kind contributions must be counted as part of the expenditure total, they must be counted as part of the receipt total. Only this way does the ratio accurately reflect the overall financial support provided to a campaign and the relative importance of public funding to an impermissible expense. It wouldn't make sense to have a repayment ratio generate a larger repayment than actually was justified.⁵

⁴ All expenditures should be deemed equally responsible for causing the overage; without the early spending, the later spending would not cause a problem. In the general election context, where it is obvious that funding other than the full grant was used to cause excessive expenditures, it is likewise obvious that the campaign had enough funding to reach the spending limit without the full public grant. That is the rationale for recouping an amount of public funds equal to the overspending. It is as if the spending from private sources took the campaign to the limit, and the campaign then used public funds to go over the limit. Similarly, in the primary election context, it is as if purely private funding equal to the amount of the overage was used to get to the limit and the mix of private and public funding was used for the overage. Thus, the FEC recoups the public funding portion.

⁵ Commissioners who relied on Kennedy for President v. FEC, 734 F.2d 1558 (D.C. Cir. 1984), for the proposition that the mixed pool theory only applies where expenditures made from committee accounts are involved are way off base. Though the case hammered home the proposition that only an amount representing public funds can be recouped for non-qualified expenses in the matching fund context, it in no way suggested in-kind contributions are not to be included in the mixed pool. Indeed, as the General Counsel noted at n. 2 of Agenda Document 98-95, the D.C. Circuit indicated clearly that such contributions are to be included. 734 F.2d at 1562 n. 5.

Nor do the FEC's regulations using the term "deposits" to explain the ratio calculation, 11 C.F.R. § 9038.2(b)(2)(iii), mandate exclusion of in-kind contributions. In kind contributions are treated as though they were standard contributions of money that were simultaneously used for an expenditure. See 11 C.F.R. § 104.13(a). Thus, where the regulations refer to "deposits to all candidate accounts" when calculating the repayment ratio, in kind contributions must be included. If there were any doubt about the Commission's intent, it is resolved by the example in the Commission-approved Financial Control and Compliance Manual (1996) at pp. 67 and 68 where in kind contributions are expressly included in total deposits when calculating the repayment ratio.

To conclude that in kind contributions should be excluded from the mixed pool theory would encourage candidates to urge potential donors to subsidize with in kind contributions non-qualified expenses of all sorts (e.g., traffic fines, cell phones that will 'disappear,' etc.). This would automatically free the campaign of any obligation to make any restitution of public funds, even though the in kind donor could just as well have been paying for the cost of any qualified campaign expense and standard contribution deposits could just as well have been paying for the non-qualified costs. To avoid such chicanery, to prevent mind-numbing calculations separating out all reportable in-kind contributions, and to reflect the fact that such contributions indeed are

Apart from undermining the public policy rationale for seeking repayment of primary matching funds constructively used for excessive spending, my three colleagues side-stepped a Commission regulation explicitly treating excessive spending as a non-qualified expense that generates repayment.⁶ Commissioners cannot simply disobey a duly-promulgated regulation interpreting the statute. See 2 U.S.C. §§ 437c(b), 437d(8), 438(a)(8). Even if a commissioner believes the majority that passed the regulation misinterpreted the statute, the regulation is still the law of the land until rescinded by a majority vote.⁷ Thus, in the audits at hand, my colleagues were badly in error in when arguing that the agency has no authority to order repayments from primary campaigns that exceed the spending limit.

This error was compounded by a statutory construction that is less plausible than the statutory construction reflected for years in the FEC's regulation. The mere fact that the primary-related provisions⁸ do not contain a distinct repayment clause regarding excessive spending like that found in the general-related provisions⁹ suggests only that in the few years after the general-related provisions were enacted the drafters realized that excessive spending was itself a non-qualified expense already covered by a separate repayment clause.¹⁰ Moreover, one could argue the qualified campaign expense limitation

but one component of the financial support provided, they should be included in the mixed pool theory

⁶ 11 C.F.R. § 9034.4(b) provides: "Non qualified campaign expenses—(1) General. The following are examples of disbursements that are not qualified campaign expenses. (2) Excessive expenditures. An expenditure which is in excess of any of the limitations under 11 CFR. Part 9035 shall not be considered a qualified campaign expense." The regulations further specify that repayment determinations for excessive spending are contemplated. 11 C.F.R. § 9038.2(b)(2)(ii)(A)

⁷ Validly adopted regulations have the force and effect of law. Accardi v. Shaughnessy, 347 U.S. 260 (1954) Accord United States v. Nixon, 418 U.S. 683, 695 (1974) ("So long as this regulation is extant it has the force of law.") Put another way:

It is elementary that an agency must adhere to its own rules and regulations. Ad hoc departures from those rules, even to achieve laudable aims, cannot be sanctioned, Teleprompter Cable Systems v. FCC, 543 F.2d 1379, 1387 (D.C.Cir. 1976), for therein lies [sic] the seeds of destruction of the orderliness and predictability which are the hallmarks of lawful administrative action. Simply stated, rules are rules, and fidelity to the rules which have been properly promulgated, consistent with applicable statutory requirements, is required of those to whom Congress has entrusted the regulatory missions of modern life

Reuters Ltd. v. FCC, 781 F.2d 946, 950-952 (D.C.Cir. 1986)(opinion of J. Starr).

⁸ 26 U.S.C. § 9038(b)(2)

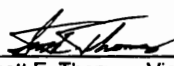
⁹ 26 U.S.C. § 9007(b)(2) and (4)

¹⁰ By requiring repayment for non-qualified expenses, 26 U.S.C. § 9038(b)(2), by clarifying that qualified campaign expenses do not include expenses incurred or paid in violation of any federal law, 26 U.S.C. § 9032(9)(B), and by specifying at 2 U.S.C. § 441a(b)(1) that "expenditures" in excess of the limit are prohibited. Congress provided explicit statutory authority for repayment stemming from excessive spending in the primary process.

at 26 U.S.C. § 9035, which says "[n]o candidate shall knowingly incur qualified campaign expenses in excess of the expenditure limitation" at 2 U.S.C. § 441a(b)(1)(A), suggests on its face that anything incurred beyond that amount would not be deemed "qualified."¹¹ To adopt a tortured construction that would leave the FEC with authority to seek repayments for general election overspending, but not for primary election overspending, is far less logical than these simple interpretations.

The approach adopted by my three colleagues has caused a serious breach in the public funding program. Recouping public funds that were constructively used in excessive spending is the most basic of principles. While it is true that the FEC can attempt to secure some form of relief in the compliance track, the burden of proof, standard of review, and procedural posture would be different. Moreover, there is no good reason to simply 'pass' on the excessive expenditure repayment process in the 1996 election cycle when it has been followed in previous cycles with judicial approval.¹² It makes the FEC look somewhat lawless.

12/23/98
Date


Scott E. Thomas, Vice Chairman

¹¹ My colleagues argue that the use of the phrase "qualified campaign expenses in excess of the expenditure limitation" in § 9035 is a sign that Congress did not contemplate treating excess spending as non-qualified. Yet, that simply writes off other parts of the law. Congress meant what it said when it excluded from the definition of "qualified campaign expense" any expenses paid in violation of federal law. Why ascribe to Congress an extremely unlikely approach: depriving the FEC of authority to recoup public dollars that were constructively misused?

The drafters needed to clarify that only those expenses related to the presidential nomination campaign would count toward the expenditure limit, yet they also needed to ensure that anything above the limit would generate a repayment. Saying a candidate shall not make "qualified campaign expenses" above the limit served the first purpose, while saying anything above the limit was not a "qualified campaign expense" served the second purpose. Hence the awkward combination of §§ 9032(9), 9035(a), and 9038(b)(2). Perhaps the drafters felt this approach was better because in the general-election provisions enacted several years earlier there was no separate provision setting a spending limit the exceeding of which would be a violation of law and hence a non-qualified expense. See Pub. L. 92-178, 85 Stat. 497, Title VIII (1971), reprinted in Legal History of the Presidential Election Campaign Fund Act (GPO 1984), Vol. II at 2596. In the 1974 Amendments which added the primary election provisions, a spending limit was included not just once, but twice, at what is now 2 U.S.C. § 441a(b) and at 26 U.S.C. § 9035(a). See Pub. L. 93-433, 88 Stat. 1263, §§ 101(a), 408(c), reprinted in Legislative History of Federal Election Campaign Act Amendments of 1974 (GPO 1977) at 1135, 1169.

¹² Kennedy for President v. FEC, 734 F.2d 1558 (D.C. Cir. 1984), approved recouping matching funds for spending in excess of the state-by-state limits for a 1980 cycle campaign. Accord, John Glenn Presidential Committee v. FEC, 822 F.2d 1097 (D.C. Cir. 1987), vis a vis a 1984 campaign, Robertson v. FEC, 45 F.3d 486 (D.C. Cir. 1995), vis a vis a 1988 campaign.

**Questions Submitted by the Committee
FEDERAL ELECTION COMMISSION**

**Issue: Price PricewaterhouseCoopers (PwC) Audit and Management Review:
Management Improvements**

Question 1. The PwC management review found that the FEC organizational structure has remained static to such a degree that, today, the organization operates in a compartmentalized and autonomous manner that reduces the efficient and effective achievement of FEC business objectives. How do you respond to this finding?

Answer. This is one of the areas where the Commission agrees that we are in need of improvement. In fact, we are studying a number of initiatives that encourage innovation and exploration of new technologies, and that promote new and better ways to communicate, both within the organization and with other participants in the political process. Better coordination among offices within the Commission and the regulated community, and those who use FEC information, are critical components in several initiatives that have been described in the FEC Strategic Plan for IT Modernization.

In developing the requirements for client-server databases, for example, we have enlisted the help of an outside contractor experienced in developing communication tools, including surveys and other means required to develop a system that meets all existing needs and anticipates future developments.

The creation of an environment that is open and focused on active problem-solving is an ongoing process of change and assessment and the Commission is beginning to investigate the tools available to assist in this process. We place a high priority on the need to promote more cross-divisional communication and collaboration through meetings and task forces. Already we have seen change. For example, a working group representing many divisions has begun collaborating on the redesign of the FEC's web site.

Question 2. The PwC found that, unless the FEC changes the way it does business, it will require ever increasing staff resources to meet the basic requirements of the Federal Election Campaign Act. This year, you are requesting an increase of almost 6 percent in both dollars and staff; this is on top of an increase of 18 percent in dollars and 11 percent in authorized staff last year.

⇒ In addition to the increase in staff and dollars that you are requesting for fiscal year 2000, what specific initiatives do you plan to implement this year that will result in a more efficient and effective FEC?

Answer. The Commission has requested 9 additional FTE and an increase of \$1,666,000 over our FY 1998 appropriation of \$36,850,000 for 347 authorized FTE. This represents an increase of 2.6% in FTE and 4.5% in total funding over FY 1999. In fact, the FY 2000 request reflects a net decrease of \$831,000 in non-personnel costs compared to FY 1999, once inflation driven costs are offset by one-time costs in FY 1999. The direct cost of the nine FTE requested is \$551,500 for personnel costs, and \$104,500 in direct non-personnel support costs.

Despite the huge increases in total disbursements in federal elections since the 1990 election cycle, which have direct impacts on the Commission's disclosure and compliance programs, we have not requested additional staff for our disclosure and informational programs. We have met the increased workloads with continued improvements in program efficiency, and our disclosure programs receive high marks from the users and the public, to attest to their effectiveness.

We have initiated an electronic filing program which we believe will enhance our effectiveness and improve overall agency efficiency. However, until many more large, significant campaign committees use the system, we will not see the improvements in processing data expected from a wide-spread user base. We have increased our efforts to encourage committees to voluntarily file electronically by making software available on the World Wide Web, contracting with vendors who will include the FEC's electronic filing process in their software packages, etc.

In addition to promoting the voluntary use of electronic filing, we will explore ways to move toward a paperless disclosure and review process. For example, we will consider the use of software that can review campaign finance reports; ways to reengineer the reports review process; and the use of bar codes on paper reports to enable the FEC to track documents more easily. The Commission has authorized spending \$45,000 on a contract to develop reporting standards and to revise standardized reporting forms.

In compliance, we have developed many initiatives to assist the enforcement and litigation staffs: in fiscal year 1999 and into fiscal year 2000, we will further utilize the case management system to develop management tools to provide better information to the Commission to make more informed decisions on resource utilization and compliance trends; we will continue working on the document imaging and indexing projects, and the basic upgrades to the IT desk-top user technology including imaging, CD-ROM and fax capabilities. The FEC assumes that we will continue to realize improvements in our compliance programs through increased use of IT advances. In addition, the Commission has authorized the expenditure of \$50,000 to hire a consultant to develop an annual profile of compliance matters which will enable us to better inform policy makers and the public about emerging law enforcement trends and the Commission has authorized the expenditure of \$100,000 for establishment of a Conciliation Pilot Program, to mediate enforcement cases which would otherwise be in danger of becoming stale and subject to dismissal without substantive action by the Commission.

For more details on these initiatives and others, see Attachment 1, the Commission's Follow-Up on PricewaterhouseCoopers' Recommendations, and the FEC's response to question number 2 under the issue "Use of \$1,120,000 earmark in the FY 1999 Appropriation."

Question 3. For the record, by PwC recommendation, provide FEC's position and any action taken or planned to be taken on the implementation of that recommendation.

Answer. See Attachment 1.

**Issue: PricewaterhouseCoopers (PwC) Audit and Management Review:
Staff Director Vacancy**

Question 1. The PwC study found that, in general, the FEC is a competently managed organization but that your future success will require that you aggressively pursue both incremental AND significant changes in organization, work process, technology and management practices. One of their specific recommendations was that you name a permanent Staff Director and task this position with overall improvement of organizational structure. They also recommended that you hire an executive recruiting firm to validate the candidate list for this position.

⇒ Do you have a permanent Staff Director on board? How long has this position been vacant? Have you hired an executive recruiting firm? When do you anticipate having a permanent Staff Director?

Answer. The Commission has not yet selected a permanent Staff Director. The position has been vacant since August 3, 1998. The Commission awaited the final PwC report before interviewing candidates so that each applicant could address the specific recommendations in the report. Commissioners interviewed 9 candidates who presented outstanding credentials. The Commission anticipates selecting a permanent Staff Director by the end of April.

⇒ What specific tasks will you direct the Staff Director to pursue as it relates to the overall improvement of FEC's performance?

Answer. The first task assigned to the Staff Director will be to continue moving forward with the implementation of the PwC recommendations. We have provided all applicants that we have interviewed with a copy of the Executive Summary and Recommendations from the PwC audit report in order to discuss the thrust of the report during the interview. As suggested in the PwC report, the Commissioners will empower the Staff Director to be its 'change agent.'

Question 2. PwC recommended establishing performance standards for the Staff Director and General Counsel. Do you agree with this recommendation? What performance measures do you believe are appropriate for these two positions?

Answer. The Commission agrees with this recommendation. With respect to the performance measures appropriate for these positions, the Commission has in place a Performance Plan and a Strategic Plan which outlines goals and objectives of the organization. Any performance measures will take into account how well the Commission has met its goals and objectives, in the program areas under the direction of the specific individual. Moreover, the Commission has chosen to retain an outside consultant to facilitate development of new performance standards for these positions. Funding for this item is part of the Commission's plan to spend \$1,120,000 of its FY 1999 appropriation to improve the compliance program, for which both of these officials are responsible. That plan was sent to Congress on March 15, 1999.

**Issue: PricewaterhouseCoopers (PwC) Audit and Management Review:
Compliance/Enforcement**

Question 1. The PwC study found that the OGC maintains a comprehensive index of deadlines, time frames and time goals for specific enforcement actions and assignments but that the Enforcement Section does not have benchmarks to determine attorney capacity and to evaluate attorney workload handling. They further found that the current Management Information System is not used for managing workloads but is used primarily for budget justifications. For the past several years, the Committee has been encouraging the FEC to expedite implementation of the "Case Management System," the system identified by PwC as one which will give the FEC the data it needs to better manage its resources.

⇒ Last year the Committee was told that this system would be fully operational in September of 1998. According to the PwC report, the system is not yet operational and is not expected to be operational until "year end." What has caused the delay? What is the current status and when do you expect that his system will be fully operational?

Answer. The case management system is a modified commercial off-the-shelf (COTS) legal management software program purchased from Law Manager in October 1997. We are currently in the product testing and acceptance phase of the procurement. Defining user requirements and developing the functional specifications for the software from these requirements took longer than originally planned. The COTS software required more development work than the vendor anticipated at the beginning of the project; this was in part driven by the refinement of the user requirements. The original requirements were also expanded to include additional features for the Commission and the Congressional Affairs Office, as well as other areas within the OGC, to provide better management capabilities and statistical data. The project was also slowed by the need to research and determine how to best capture the historical data contained in the Commission's current computer systems and convert it for use in the new case management system. Additionally, preliminary versions of the software delivered for acceptance testing have proven to need more work and time than expected to correct flaws and "bugs."

At this point, we estimate that the functional specification will be formally accepted by mid-April, production versions of the software delivered and installed shortly thereafter, and

training commenced sometime in early May. Based upon this schedule, we anticipate the system will be fully operational by mid-summer.

Question 2. What is the current on-board strength within the Office of General Counsel? In the past, you have had difficulty recruiting attorneys. Is this still the case?

Answer. As of 3/29/99, we have 108 staff on board in OGC. The problem in the past was not that we had difficulty in recruiting attorneys. The problem was the significant lapse time between the time an attorney resigns, we advertise the vacancy, interview candidates, make an offer, and the new attorney comes on board. What exacerbated that problem is that OGC was not allowed to hire for a period of time due to budget uncertainties. Once those concerns were alleviated, it took us time to hire up to our authorized FTE number.

Question 3. Of the total increase of 6 FTE that you are requesting, how many are attorney positions? How many are staff support?

Answer. Depending upon the makeup of our staff at the beginning of FY 2000, we would hire a mix of attorneys, paralegals and legal assistants. We estimate that at least 3 of the 6 positions would be attorney positions.

Question 4. On October 1, 1998, the OGC had 108 full time employees. Of these, 63 were attorneys. What is the current FTE level of OGC? How many of these positions are supervisory in nature?

Answer. The authorized FTE level for OGC in FY 1999 is 115. As of 3-29-99, we have 108 staff on board and we expect 8-10 new employees on board within 8 weeks. Of the 108 staff on board, 61 are attorneys. 16 attorneys are supervisors, and 2 administrative employees are supervisors.

Question 5. Your budget justification indicated that the Enforcement function has 33 attorneys but 9 of these are supervisory. Do any of these supervisory positions have active caseloads assigned to them? Is this the most efficient way of doing business?

Answer. The 33 attorney figure refers to the attorney FTE used for enforcement activities. This includes 100% of the time of each attorney assigned to the Enforcement section, and 40% of the time of each attorney assigned to the Presidential Financing, Ethics & Special Projects (PFESP) section. The staff FTE for enforcement activities also includes approximately 27 FTE consisting of paralegals, investigators, and administrative support. Of the 9 supervisory FTE: 2 FTE serve as the heads of the Enforcement and PFESP sections; 5 FTE serve as Team Leaders, closely supervising teams made up of attorneys, paralegals, investigators and administrative staff who are working on often-complicated legal and factual investigations; 1 FTE supervises staff in the Central Enforcement Docket, which is responsible for the processing of all non-assigned cases, as well as maintaining all Enforcement statistics; and, 1 FTE serves in a more managerial capacity, working for the head of the PFESP section. We have found this structure to be an efficient and appropriate use of resources to competently manage the Commission's varied and

complex caseload. Because the responsibilities set forth above take up the supervisors' full time, none of them carry his/her own caseload, though they may handle specific case assignments as warranted.

Question 6. One performance measure that you use is "case activation ratio" - that is, the ratio of active enforcement cases to all enforcement cases. In fiscal year 1999, we provided an increase of \$1.8 million and 13 FTE for OGC. In 1998, the case activation ratio was 48%; what is the estimated ratio for 1999? With the additional 6 FTE within OGC, what is your target activation ratio for fiscal year 2000?

Answer. The activation ratio measures the average active cases to average total cases over the course of the fiscal year. This figure fluctuates monthly as new cases are opened and other cases close. The activation ratio of 48% for FY 1998 was unusually high because the total pool of cases was smaller than anticipated for the last few months of the fiscal year. This appears to have resulted from the receipt of fewer new cases than anticipated during this time period. Historical trends indicate that we will receive a steadily-increasing influx of new cases through the remainder of FY 1999 and into FY 2000. This increase in new cases combined with our projected staffing levels we believe will drive down our activation ratio for the year to approximately 40%. For FY 2000, this ratio will vary, depending upon whether or not any of the major 1996 cycle cases are still pending. If most or all of these large cases are closed early in FY 2000, then we estimate that we will maintain a monthly average active caseload of 47%. If the major 1996 cycle cases are still pending for most or all of the year, the average active monthly caseload is estimated to be 37%, based on the premise that most of the additional staff resources will be assigned to these major cases.

Issue: Use of Department of Justice Resources

Question 1. Last year the FEC was requesting the use of reimbursable detailees from the Department of Justice? What was the final outcome of your negotiations with Justice in his regard? Are you requesting these same detailees this year?

Answer. We filed our first request for support with the Department of Justice (DOJ) on March 10, 1997. DOJ responded on September 26, 1997, with a request that we specify what personnel we were requesting. On October 1, 1997, we formally requested 32 staff from DOJ on a full-time, non-reimbursable basis, as follows: five attorneys; seven investigators; eight intelligence research specialists; six auditors; four general investigative support staff; and two general administrative support personnel. We also requested access on an "as-needed" basis to translators and translation support. On October 24, 1997, DOJ staff indicated by phone that they were considering recommending that the Department detail five investigators and one FBI staff person with auditing skills to the FEC for one year. As of this date, we have heard nothing further and the request remains outstanding.

Issue: Automated Data Processing and Computer Modernization

Question 1. FEC is requesting \$4.8 million for various ADP initiatives, a submission that is consistent with your IT five year plan. The last time that this 5 year plan was revised was in February, 1997. One of PwC's recommendations in regards to your automation was that the FEC coordinate and redesign its business processes based on new computer technologies. How do you plan to accommodate any changes in your business processes with your current IT plan? What is the schedule for updating the IT five year plan? Will this be done in house?

Answer. The FEC revisited the ADP modernization plan in late 1997 and early 1998 with the assistance of AMS Inc. During that process, internal requirements were examined in the context of early progress and new opportunities made possible by continuing technological change. Along with specifying additional stages in implementing earlier initiatives, this process identified a number of new initiatives, including Document Management (integration of imaging technologies with other document handling practices), data security, and significant enhancements to the Commission's Internet presence.

In many cases, earlier plans for initiatives included revisions to existing business processes at appropriate stages of development. For example, the plan for FY 99 roll out of electronic filing includes elements intended to evaluate and design report review processes that are integrated with electronic receipt of disclosure information. Additionally, elaboration of the client/server requirements analysis currently underway includes a broad assessment of existing disclosure functions and the ability to integrate imaging solutions for document management (imaging external documents and other Commission documents beyond financial disclosure reports) with the client/server database solution to be developed for campaign finance disclosure.

The five year plan is being updated in house, with the assistance of AMS. It will be ready in April of 1999.

Question 2. One of PwC's recommendations was that you move forward toward full electronic filing. Obviously, mandatory electronic filing would require Congressional action. Absent authority to mandate electronic filing, what are FEC's plans to maximize this effort within the filing community?

Answer. The Commission is taking a number of steps to inform the filing community about the option of electronic filing and to ease the transition to this form of reporting. Specifically, we have 1) extensively revised and improved the free recordkeeping and reporting software that is one option for committees who wish to file electronically, 2) entered into contractual arrangements with two commercial software vendors to insure that their products comply with filing requirements and to help them support their clients in filing electronically, 3) begun an education campaign involving the FEC Record and other publications typically read by the filing community, 4) improved the presentation of electronic filing information on the FEC Web site, including the capability to download reporting software, 5) begun to develop a series of survey instruments intended to solicit information from filers about their reporting and computer capabilities and also inform them about the system and give an opportunity to provide feedback.

Question 3. PwC was fairly critical of electronic filing - finding that it neither meets the needs of staff nor the expectations of the filing community. What is the next phase of development for electronic filing? What specific steps will you take to ensure that the data coming in through electronic filing will facilitate the review of campaign finance data as well as meet the needs of the filing community?

Answer. The next phase of electronic filing includes extensive education efforts aimed at the filing community to encourage participation; feedback, review, and enhancements to existing elements in the system based upon user response; and detailed examination of current processing and review methods along with options available for revision of those processes in the context of electronic filing. The Strategic Plan for Electronic filing developed by the Commission always anticipated a phased approach to development as recommended by AMS Inc. and we are continuing to follow those guidelines. We are examining options (including commercial, off-the-shelf software as well as custom software development) for integrating electronic filing into the report review process. One example of the impact of greater electronic filing on internal Commission operations is that during the 1998 election cycle the review of 48 hour notices for a single large Senate campaign required the efforts of three reports analysts for three days. Electronic receipt of these notices and the subsequent reports on which this information must appear would allow for a significant reallocation of those resources. (Keep in mind, however, that at present Senate campaigns do not have the option of filing electronically when they submit reports to the Secretary of the Senate.)

Issue: Use of \$1,120,000 earmark in the FY 1999 appropriation

Question 1. The fiscal year 1999 appropriations bill included a specific earmark of \$1,120,000, which could not be spent until you submitted a plan to the House Appropriations Committee. Both the House and Senate were fairly clear that these resources should be specifically targeted to increased enforcement efforts. I understand that you submitted a plan for the expenditure of these funds to the Committee on January 6, 1999. However, based on conversations at the staff level, you have withdrawn this request and intend to submit a revised plan.

⇒ When can the Committee expect to receive your revised plan for the use of these funds?

Answer. The revised plan was submitted to the Committee on March 15, 1999.

Question 2. Your budget justification materials indicate that you will use \$420,000 of this \$1.120 million earmark for "compliance" efforts. What specific compliance efforts are you looking to support?

Answer. Our revised plan to expend the \$1.12 million earmark was submitted to the appropriation committees on March 15, 1999. This plan proposed to expend the funds on several compliance initiatives, particularly for enforcement and litigation programs. In addition, the Commission proposed spending some of the funds on implementing or exploring implementing

some of the recommendations contained in the recent PricewaterhouseCoopers (PwC) review of the Commission's operations. The revised plan follows:

FEC PLAN TO EXPEND \$1,120,000 IN FY 1999

March 15, 1999

The Federal Election Commission submits to the House and Senate Appropriations Committees a revised plan to expend \$1,120,000 in FY 1999. Language in the FEC's FY 1999 appropriations bill requires the FEC to submit a plan for the expenditure of the final \$1,120,000 received in FY 1999. The Commission has adopted a revised plan which addresses this issue, subsequent to discussions with House and Senate Committee staff concerning the original proposal submitted in January 1999. Because of our FY 1999 FTE cap of 347 FTE, and pursuant to guidance from the House and Senate Committees, none of the final \$1,120,000 is proposed for personnel costs, but is expressed solely as non-personnel items.

The revised plan includes:

1. \$500,000 to augment our litigation/enforcement document imaging funds for FY 1999. This provides a total of \$850,000 for imaging in FY 1999. The FEC Office of General Counsel (OGC) originally requested no document imaging funds for FY 1999 (OGC assumed that the need for these funds in FY 1999 for the major cases from the 1996 cycle would be very minimal.) OGC has now indicated that, due to delays in obtaining legal documents in some of the major cases still pending, they will need significant document imaging funds in FY 1999.
2. \$20,000 for OGC travel, \$165,500 for OGC training (of which \$120,500 is for specialized training in negotiations, depositions, and litigation), and \$43,000 for depositions. In addition, OGC has the need for an additional \$70,000 for legal research publications and automated legal research services.
3. \$100,000 for establishment of a Conciliation Pilot Program, consisting of an outside alternative dispute resolution team to mediate those enforcement cases which, under our Enforcement Priority System (EPS), would otherwise be in danger of becoming stale and subject to dismissal without substantive action by the Commission. The proposed alternative dispute resolution team would be staffed with contract employees.
4. \$90,000 to accelerate conversion of the EPS to Lotus Notes and implementation of PC Docs. These efforts augment the services provided by the new OGC case management system (accelerating items contained in future years under the Commission's IT Strategic Plan).

5. \$50,000 for a consultant to develop enhanced enforcement MIS data for presentation in budgets and justifications (PwC proposal for depiction of enforcement case data).
6. \$50,000 for a consultant to develop election cycle specific performance standards for the Staff Director, General Counsel, and Senior Staff (PwC proposal).
7. \$31,500 for a consultant to develop reporting standards and redesign standardized disclosure reporting forms (PwC proposal). This initiative is authorized up to \$45,000, provided there is a surplus from the first five initiatives.

Should the aforementioned initiatives prove to be less costly than originally estimated, any surplus, of up to \$95,000, would be devoted to consultant fees for the reengineering of fax, CD, modem, and email procedures, and the work processes related to these technologies.

The Commission is moving on the development of the alternative dispute resolution team and the other initiatives listed, subject to Congressional approval of our revised plan. As noted previously, the Commission's existing IT Strategic Plan provides sufficient funds to assist the Senate in establishing point-of-entry for electronic filings which could then be transmitted electronically to the FEC disclosure and imaging systems.

The Commission requests approval of this revised plan. An object class table of the proposed items for the plan to expend the \$1,120,000 is included below. We also have attached a copy of the Commission's revised FY 1999 Management Plan.

FEC CATEGORY B APPORTIONMENT, HOUSE APPROVAL	
OBJECT CLASS	AMOUNT
21.01 OGC Travel	20,000
25.11 OGC Training	165,500
25.13 OGC Depositions, Transcripts	43,000
25.21 Contracts, Other	
ADR Team	100,000
PC Docs, EPS Conversion	90,000
MIS Enforcement Data	50,000
SD/GC Performance Stds.	50,000
Reporting Standards/Forms	31,500
25.31 Federal Agency Services	500,000
(DOJ—Document Imaging)	
26.01/.02 Publications/ Publ. Services	70,000
Non-personnel Total	1,120,000

Issue: On board staff—Use of \$ Savings for construction and renovation of space

Question 1. Commissioner, I am extremely concerned about your current staffing levels. Last year the FEC requested a total FTE level of 360.5 FTE. We subsequently approved a level of 347 FTE. Your justification materials show that your current on board strength is 337 FTE.

⇒ Why haven't you been able to hire up to your fully authorized level?

Answer. Our current on board strength is 318 staff on board for a cumulative FTE to date of 315.1. We are projecting that we will reach a cumulative total of 337 FTE for FY 1999. Although this total is 10 FTE below our authorized ceiling of 347 FTE, we anticipate reaching our authorized level of 347 on board by the close of the fiscal year. As you know, our appropriation, as was true for most of the government, was not finalized until the first month of the current fiscal year. There was a wide disparity of possible funding levels for the Commission, with varying levels of staffing these levels would support. Our appropriation level was not settled until the actual floor votes occurred. Therefore, we could not anticipate our funding level and could not initiate the hiring up process until well into FY 1999.

In addition, the Commission has experienced an unusually large number of high level vacancies in FY 1999. This included the Staff Director, the Director of Personnel (as well as almost the entire Personnel office), the Assistant Staff Director for Administration, an Assistant General Counsel, and two special assistants to the Chairman and Vice Chairman of the Commission. As you know, we recently had three Commissioner vacancies filled after many months of delays in the appointment process. So there has necessarily been a lapse in filling these high level vacancies with a newly constituted Commission. Furthermore, the Commission determined to await the release of the PwC study (in January) of the FEC before making some of these hiring decisions for the high level vacancies.

Managers have been given the green light to overbook staff the last half of the fiscal year if they have experienced vacancies and a lapse in hiring up. However, limited space, and the lack of swing space as we undergo GSA base building renovations and construction associated with taking over more space in our current building, places a limit on the level of overbooking possible. We have made an effort to reach the 115 FTE ceiling in OGC, and have placed a priority on filling line staff vacancies. Nevertheless, the factors mentioned and the prudent and realistic planning for FY 1999 indicate that we will reach only 337 cumulative FTE versus our authorized ceiling of 347 FTE.

Question 2. Your budget justifications indicate that "with the personnel cost savings, the FEC has moved to undertake appropriate projects and infrastructure development."

⇒ What are your estimated savings from not being fully staffed?

Answer. We project saving \$954,000 from personnel because of the vacancies and lapse, which will result in 337 cumulative FTE versus the authorized 347 FTE. Of this, the Commission voted to allocate \$26,500 to Audit salaries, hoping to enable Audit to find quality

staff due to the potential for higher GS levels. As a result, the Commission has requested the authority to reprogram \$927,500 from personnel costs to non-personnel items.

⇒ What are the specific projects that you propose to initiate with these savings?

Answer. The Commission submitted a list of items and projects in the reprogramming request for the \$927,500 savings from personnel costs. Major items included: the revisions and update of the Voting Systems Standards (VSS) for state and local elections administrators charged with administering federal elections; funds to cover costs associated with renovations and construction in FEC space; and some reallocations up and down in non-personnel overhead object classes. Costs associated with the renovations include moving staff out of current space to swing space to enable the installation of GSA mandated fire sprinkler safety systems, as well as use of swing space to enable construction in newly occupied space. The full list included:

1. \$558,550 for other agency services (mainly RWA's or Reimbursable Work Authorizations to GSA for moving, construction and related expenses for the renovations);
2. \$275,245 for contracts and other services which includes work by contractors to provide services due to senior level vacant positions (Personnel Director, Contracting Officer, etc.) and \$100,000 to initiate the revision of the VSS;
3. \$50,000 to purchase phone equipment to enable off-site staff at swing space to communicate with the main FEC, as well as enhance the FEC phone system; and
4. \$43,705 for other non-personnel costs, such as increases in equipment maintenance, facilities maintenance and other items, partially offset by savings in intercity phones, postage, etc.

⇒ Are these the same projects that the Commission requested we approve funding for through the fiscal year 1999 earmark of \$1,120,000?

Answer. The Commission originally requested the \$100,000 for the VSS update and \$412,000 in renovation and construction funds in the \$1,120,000 plan for the earmark. These items were removed from the revised plan for the earmark and are included within the reprogramming request.

Question 3. To my knowledge, these space renovations were not requested as part of your regular FY 1999 appropriation. Additionally, because your estimated savings are \$954,000 and your plan is to move this money from personnel to other activities, you would need to submit a reprogramming request to the Committee.

⇒ When can we anticipate that request?

Answer. The Commission submitted a reprogramming request for the \$927,500 savings in personnel costs on March 15, 1999. We had not been made aware by GSA and the building representatives of the extent of the costs and disruptions created by the GSA mandated base building requirements, including fire safety systems and handicapped accessibility issues. We did not become

aware of the extent of these costs until well into FY 1998 and even FY 1999, when it was too late to request funds for these costs.

⇒ Has any of this construction money been obligated to date? If so, how much and for what specific purpose?

Answer. The construction for the newly occupied space on the 4th floor and the resulting changes required on the 8th floor are projected to be funded out of a \$200,000 allotment in our GSA lease, amortized over the term of the lease. In addition, at the direction of GSA, the FEC obligated a total of \$180,000 in a RWA to GSA for construction costs in FY 1998; plus the GSA owes the FEC \$114,000 in credits resulting from flood damages incurred by the FEC several years ago due to another building occupant's negligence. However, the Commission is incurring costs associated with moving staff to swing space to enable not only the construction but the renovations required to the base building, such as the GSA mandated fire sprinkler safety system. We are also expecting to incur costs associated with updating and improving the audio, video and HVAC capabilities of the Commission hearing room, as well as other improvements to the hearing room.

In addition to the funds requested in the reprogramming, other funds in our FY 1999 Management Plan were already allocated to costs associated with the swing space and renovations requirements. To date, the following items have been obligated:

1. \$114,000 to make the swing space we acquired at 800 N. Capitol Street usable for FEC employees (RWA to GSA);
2. \$50,000 to enable employees at the swing space to communicate with the FEC phone system and keep their old phone numbers, and to enable the installation of additional phones in internal FEC swing space;
3. \$20,000 to physically move the Commission storage/supply room, the Office of Elections Administration (OEA), and the Audit Division to the off-site swing space;
4. \$40,000 for design, consulting, and expert assistance in management of the construction and renovation processes by a GSA approved contractor; and
5. \$20,000 for installation of computer and phone drops in internal and external swing space.

Rental costs for the swing space for Audit have been offset by the fact that delays in the construction and renovations have delayed FEC occupying the additional space on the 4th floor. Funds set aside for the 4th floor rent in FY 1999 have been used to cover the swing space rental costs. In addition, GSA has provided the FEC with free space for our storage room items.

**Issue: PricewaterhouseCoopers (PwC) Audit and Management Review:
Action on Recommendations**

Question 1. The PwC report includes 21 recommendations, only 4 of which require Congressional action. I am particularly interested in two of these recommendations:

1. Last year the Committee questioned the FEC regarding measures of voluntary compliance and developing appropriate deterrence and prevention strategies. Part of the concern was that the FEC doesn't have a "profile," if you will, of trends in the area of non-compliance. I was pleased to see that the PwC review touched on this area. They have specifically recommended that the FEC:

"compile an annual descriptive offense profile of compliance matters to better inform Commissioners, policy makers, and the public about emerging law enforcement trends."

- ⇒ What is FEC's position on compiling such a profile?
- ⇒ Do you agree with the PwC that this would better allow the FEC to allocate resources to areas where there are patterns of non-compliance?
- ⇒ PwC indicates that this effort will require outside assistance to develop law enforcement statistics as well as a database, with a total cost of \$250,000. Do you have any plans to go forward with seeking outside assistance in this matter?

Answer. The Commission wholeheartedly agrees with this recommendation. It would allow us to allocate resources to areas where patterns of non-compliance exist. In fact, the FEC has authorized the expenditure of \$50,000 to hire a consultant to develop an annual profile of compliance matters. Funding for this item is part of the Commission's plan to spend \$1,120,000 to improve enforcement. That plan, which was sent to the Committee on March 15, 1999, is included above under the section entitled "Use of \$1,120,000 earmark in the FY 1999 appropriation."

Question 2. The PwC report also recommends that the FEC establish an administrative fine schedule, subject to a reasonable appeals process, for the 2000 election cycle.

- ⇒ In FEC's comments on the report, it was indicated that FEC "noted with interest this particular recommendation." Does the FEC plan to pursue this legislative action?

Answer. This recommendation has been one of the Commission's legislative recommendations in past years. We are currently looking at new approaches to administratively handle straightforward disclosure violations, including the use of automatic fines. On March 11, 1999, the Commission, by majority vote, approved a similar recommendation for inclusion in the package of additional legislative recommendations that will be sent to Congress.

- ⇒ PwC indicated that "nondebate and straightforward reporting violations" could be moved from enforcement to this administrative fine schedule. Do you have an approximation of how many violations would fall into this category? What impact would moving these violations into an administrative fine schedule have on OGC workloads?

Answer. Over the past five fiscal years, we closed an average of 36 cases per year that fit into this category, nearly all of which originated from our Reports Analysis Division (RAD). Since these cases must meet certain thresholds before being referred from RAD to OGC, we

anticipate that this represents the minimum average number per year of these cases that will be handled in the future.

The immediate impact of implementation of an administrative fine schedule would be to reduce the number of less-significant matters to be handled through the traditional enforcement process. Of course, this would not translate into the capacity to do an equal number of higher-rated cases for two reasons. The first is that these cases are relatively straightforward and require only minimal investigation, unlike the higher-rated cases. The second is that an administrative fine scheme would most likely shift some new responsibilities to staff attorneys. Assuming that an administrative fine mechanism would include some form of appellate process for the respondent, some attorney involvement with this process would be inevitable. Overall, we hope the net effect would be to free up some staff resources.

Questions Submitted by Congresswoman Jo Ann Emerson

Electronic Filing Threshold

Question 1. Define: "Specific level of financial activity."

Answer. While the Commission has not yet determined what specific level of financial activity is most appropriate for an electronic filing threshold, we note that approximately 95% of the dollar volume of financial activity is contained in the reports of committees whose full cycle disbursements are at least \$100,000.

Question 2. Once required to file electronically, will the FEC continue to provide the electronic filing program to each committee and will it work in addition to programs currently in use by campaigns, i.e. Aristotle, Hannibal, & etc.. or will those programs become obsolete?

Answer. The Commission expects to continue to provide basic recordkeeping and reporting software to committees who wish it at no charge. This does not replace programs currently in use, such as Aristotle, Hannibal, etc. and the Commission has explicitly reached out to those companies to work with us to allow their clients to file electronically. None of these programs would be rendered obsolete by electronic filing.

Question 3. How will the FEC "receive, process and disseminate the data from electronically filed reports more easily and efficiently" as compared to receiving those reports by mail and scanning those documents onto the Internet?

Answer. When an electronic filing is received at the Commission the information contained in that filing is transferred to the Internet and also integrated in other FEC disclosure processes automatically and immediately. When paper filings are received, staff must process the mail, organize and manually scan the document for imaging, and then manually code and key enter selected information into the Commission's database. All of those functions are completed without human intervention when filings are received electronically.

Question 4. Define: "information in the FEC's database would be standardized for committees. . ." Isn't it now? What information would change as a result of electronic filing? What information will now be standardized?

Answer. Currently, the FEC extracts selected information from paper reports and enters it into the disclosure database. For example, operating expenses reported by campaign committees are not included in the database. Information from electronic filings is available in two forms; the complete electronic file, and also, within the disclosure database, the information that would otherwise have been keyed. Mandatory electronic filing would provide consistent and complete data for all committees who meet the threshold.

Question 5. The FEC reports right now are fairly easy to complete, especially if you have a program such as Aristotle - its just a matter of inputting ALL of the CORRECT information and then going to the report screen, filling out the pertinent report information and then printing it out. The hardest part of the whole process is the inputting stage.

⇒ So, HOW would committees participating in electronic filing "find it easier to complete and file reports?" Explain.

Answer. When a committee has completed the entry of information into a program such as Aristotle, in order to submit a paper filing it must then print the report and make arrangements for its delivery to the FEC, usually involving a trip to the post office to use certified registered mail, or for Washington based committees often a call to a courier service for delivery of a paper report. The committee must then retain the certified mail receipt or other documentation in case there is a problem with delivery of the report, and often committees check FEC records subsequently to be sure that information was received and correctly processed. Electronic filings are submitted to the FEC directly with a few clicks of a computer mouse (from within the Aristotle program) and this process includes instant notification of receipt and confirmation that the filing was completely and correctly received.

Question 6. Say a Member spends \$500,000 (which the FEC deems as the "threshold amount") and his opponent spends \$475,000.

⇒ What differences will there be between the Member filing electronically and his opponent filing by mail? Give pros and cons.

Answer. Without passing judgment on the hypothetical threshold of \$500,000 (which is likely far higher than one would reasonably expect to set such a threshold), the information provided by the Member would be available for public review somewhat more quickly than for his opponent. First, if the Member filed by modem or the Internet, the time required for the FEC to receive the filing would be a few days less than for the opponent's mailed report. In addition, when a paper report is received it must be processed (i.e., scanned and coded and entered into the Commission's database). This process might take as much as 48 hours (as provided for in the Act). For an additional period of time (until the full data entry process was complete for the opponent's report) the Member's information would also be available in a more flexible manner than simple images of report pages. The Member would, however, have notices that established that the Commission had received the report and assurance that there would be no keypunch or other errors introduced into the process.

⇒ If the opponent decides not to invest in a software program to help keep track of receipts and disbursements, but then does eventually exceed the threshold amounts, does the Commission then require that committee to file electronically and how does it enforce them to do so?

Answer. The Commission would require electronic filing for any committee that exceeded a mandatory electronic filing threshold during an election cycle. A process would be established for monitoring committee financial activity and notifying committees of the electronic filing requirement. Since software for complying with this requirement is readily available and committees who exceed such a threshold would likely have computerized records, the burden placed on filers should be minimal.

Campaign-Cycle Reporting

Question 1. Campaign-to-date basis vs calendar year cycle is confusing for someone not familiar with how the FEC requires you to report receipts and disbursements in 2 different ways – keeping up with the contributor's donations in a calendar year as well as their donations for the entire campaign cycle.

⇒ To require committees to report on a campaign-to-date basis would make the reporting less burdensome to committees. However, how will it change the current off-year and election year reporting periods? Will there be more reporting or less?

Answer. The Commission does not anticipate any change in the reporting schedule in conjunction with a change to cycle-to-date reporting.

Enforcement

Question 1. Has there been an increase in the number of campaign finance violations over the past ten years? If so, what do you link that increase to?

Answer. Using the number of external complaints filed with the FEC as a measure of campaign violations, the number of such violations appear to have been relatively constant, subject to some predictable election cycle fluctuations, since FY 1991. The most significant change since the early nineties has been the exponential growth in the size and complexity of the alleged violations. One measure of this is the average number of respondents per case. In FY 1995, the average number of respondents per case was 5.1. This more than doubled by FY 1998 to 10.7, and stands as of February 1999 at an average of 15.4 respondents per case. The higher number of respondents dramatically impacts the workload. This increase in complexity of the pending enforcement cases also appears to reflect the increasing level of sophistication within the regulated community concerning campaign finance issues.

Question 2. What are the criteria for deciding which cases to investigate?

Answer. Cases are primarily selected for investigation based upon the Enforcement Priority System (EPS). EPS rates all incoming cases against objective criteria to determine whether they warrant use of the Commission's limited resources. Because the ratings are crucial to the Commission's decisions regarding its prosecutorial discretion, as with other law enforcement thresholds, the specifics of the rating criteria are not public. However, the Commission has made

public the general elements covered by the EPS ratings. Those elements are: Respondents/Players; Impact on the Process; Intrinsic Seriousness of the Violations; Topicality of the Issues or the Activity; Development of the Law; Subject Matter; and Countervailing Considerations.

The EPS score is an important factor, but not the only consideration. A major premise of EPS is that cases are not activated and assigned until staff actually are available to work on them. In order to ensure that cases are activated as soon as possible under that prerequisite, senior Enforcement managers and Central Enforcement Docket (CED) staff meet on a monthly basis to assess staff availability and match that availability with unassigned cases. With regard to any specific staff person who is available for additional work, that consideration would take into account numerous factors such as the staff person's existing caseload and experience level, as well as the difficulty of the cases available for assignment. In addition, consideration is given to the scope of the investigation anticipated in the available cases. For example, cases with a high level of legal and factual complexity and cases involving potential criminal liability often require wide ranging investigations with substantial formal discovery. In order to ensure that such cases are completed as expeditiously as possible, they are assigned to more than one staff person. Because of our limited staff resources, however, we are constrained in the number of cases of this magnitude that we can assign at any one time. Consideration also is given to making certain that the overall agency caseload covers a broad spectrum of possible FECA violations to ensure compliance coverage for all areas of the FECA.

Question 3. Of the number of cases that the FEC investigates, what percentage are deemed serious infractions?

Answer. Through its comprehensive rating system, EPS is designed to bring to the forefront the more significant cases. After scoring, cases are categorized in "tiers" that reflect the relative significance of cases based on the factors noted above. All cases activated are significant. Those of greater significance are placed in the higher tiers under EPS. Of the 69 cases activated for investigation in FY 1998, 40 were classified in the higher EPS tiers, yielding a percentage of 58%.

Electronic Filing

Question 1. At what rate is the amount of electronic filing growing?

Answer. Through much of the 1998 election cycle participation in electronic filing roughly doubled in each regular reporting period. The Mid Year 97 reports were the first filings for the 1998 election cycle. We received 4 Mid Year 97 reports electronically. By the last filing date covering that cycle we received 219 Year End 98 reports (not including amendments).

Question 2. What are the estimated savings for the FEC by allowing committees to file electronically?

Answer. The Commission does not anticipate cost savings as a result of simply allowing committees to voluntarily file reports electronically. Only if electronic filing is used by most of the large committees filing with the FEC will significant improvements be seen in the accuracy of reports, the timeliness of disclosure, and the speed and efficiency with which a number of Commission operations can be conducted. These improvements may result in relative cost savings, i.e., requiring fewer staff and other resources than the same activity would have required under paper reporting.

Questions Submitted by Congresswoman Carrie Meek

Staffing Levels

Question 1. At page 7 of your budget justification, you state that the addition of the 9 FTE in Audit and the General Counsel's Office "will not enable the Commission to meet its full enforcement workload requirements," but that you will be able to activate more cases and litigate more cases on the merits. What further staffing would be required for the Commission to meet its full enforcement caseload? Will significant cases go unaddressed even if the FEC receives its proposed staff increase or are these cases more in the nature of de minimis violations?

Answer. Because the workload is not constant, it is difficult to predict exactly how many additional staff would be needed for the Commission to meet its full enforcement workload. The caseload is made up of internal referrals, referrals from other agencies and complaints filed by the public. With the exception of the internal referrals, the number of cases the Commission will receive in any time period, as well as the complexity of those cases, is unknown. Furthermore, until now our ability to closely track matters has been hampered by our limited computer capabilities. In the future, we believe the new Case Management System will better enable us to project the staff necessary to handle the varying caseload. Given those caveats, and basing the calculation solely on the number of staff and relatively low number of all cases in-house as of 2/28/99, by a rough estimate the Commission would need 27 additional enforcement staff attorneys to meet the full enforcement workload requirements. In addition, we would need approximately four Team Leaders, two investigators, eight paralegals and four secretaries.

Thus, even if the Commission receives the proposed increase of 9 FTE, some significant cases will go unaddressed. The Enforcement Priority System (EPS), which is the system used by the Commission to prioritize its caseload, provides for dismissal without substantive action for two categories of cases. The first category contains cases that do not rate sufficiently high enough under EPS to warrant the use of limited Commission resources and are recommended for closing without substantive action. Low ratings are indicative of limited activity, limited money and limited scope. The second category contains cases that rated highly enough under EPS to pursue, but because of limited resources we have been unable to assign them for a significant period. Because of the evidentiary difficulties in pursuing older cases, these stale cases are recommended for closing without substantive Commission action. In FY 1998 the FEC dismissed 59 low-rated cases and 86 stale cases.

Electronic Filing

Question 2. You said that you want to increase significantly the number of political committees that file their forms and reports electronically so that you can decrease the amount of time spent by FEC staff coding and entering manual filings. As I understand your comments about promoting electronic filing, the impetus for this change is not primarily financial, but to improve the timeliness, accuracy, and utility of FEC filings to the public. Is that correct?

Answer. That is correct.

⇒ What are your projections as to how much time you can cut from the cycle for processing FEC reports in this election year based upon various levels of increase in electronic filing? Do you have projections yet as to how much you expect to be able to increase the use of electronic filing over the next 3-4 years?

Answer. Currently it takes up to 30 days to complete all processing of data from paper filings, and additional time to complete the review of these documents. We are confident we can significantly reduce the time required to process data, and there are significant gains to be made in the review process as well. One example of the impact of greater electronic filing on internal Commission operations is that during the 1998 election cycle the review of 48 hour notices for a single large Senate campaign required the efforts of three reports analysts for three days. Electronic receipt of these notices and the subsequent reports on which this information must appear would allow for immediate computerized matching thus freeing the review resources to focus on possible discrepancies or other issues. We have not attempted to project the increase in electronic filing over the next several years, but we are committed to its expansion and are anticipating that a significant number of political committees will participate during the 2000 election cycle.

Question 3. I am concerned that small political committees could be burdened with significant capital or operating expenditures if we allow the FEC to mandate electronic filing. Why should Congress accept your legislative recommendation authorizing the FEC to require electronic filing? Can't you devise an incentive system that would increase the attractiveness of electronic filing without burdening groups for whom electronic filing might pose a hardship?

Answer. We have made considerable efforts to minimize the burden that electronic filing might place on small political committees, even in a voluntary environment. In fact, many of the committees who have chosen to use the free software provided by the Commission and file reports electronically fall below most suggested financial activity thresholds for mandatory electronic filing. An important barrier to voluntary filing, however, is the political equity question which arises when one competitor in a race chooses to file electronically and the other participant does not. A threshold for mandatory filing would insure that all committees who reach some threshold of financial activity are treated fairly in that they would all be required to use the same filing mechanism and permit the same high level of disclosure.

Regarding efforts under way to encourage voluntary electronic filing, see response to question 2, under the issue entitled "**Automated Data Process and Computer Modernization,**" supra.

Question 4. Your request for additional audit staff seems based in large part on the premise that there will be an increased number of candidates during the 2000 Presidential election cycle. In making your request for additional audit staff, how many candidates did you assume would be

involved in the 2000 race. If there are fewer candidates in the 2000 race than what you anticipated, would you need fewer audit staff?

Answer. The basis for our estimates for the 2000 Presidential election cycle is the 1988 election cycle that was the last cycle that had an open seat. In that cycle 15 candidates qualified for Federal primary matching funds and therefore were subject to audit under 26 U. S. C. 9038(a). In addition we anticipate that three candidates will qualify for general election funding and three convention committees will qualify for funding.

The statute places priority on audits of Title 26 committees with any remaining resources allocated to Title 2 audits of authorized and unauthorized committees. The Commission has authorized the hiring of additional audit staff in order to enhance the Title 2 Audit program. Should there be fewer than the estimated number of Title 26 audits, audit resources will be shifted to the Title 2 audit program. Please note that out of the 8,000 or so reporting committees, the FEC's Title 2 audit program only selected 17 committees from the 1996 cycle to audit.

Fiscal Year 1999 Enforcement Earmark

Question 5. At page 6 of your justification, you say that, in effect, for FY 2000, the Commission has allocated to personnel costs the amount expended in FY 1999 on one-time, non-personnel costs. How much did you actually spend of the \$1.12 million earmarked in the FEC's FY 1999 appropriation for compliance initiatives not involving staff hires? Describe the major compliance initiatives not involving new staff hires that you propose to fund with the remaining \$442,000 of the FY 1999 earmark:

Answer. The Commission's revised plan to expend the \$1.12 million earmark was allocated solely to compliance initiatives and/or recommendations from the PwC study of the Commission released in January 1999. Our revised plan, submitted March 15, 1999, contained the following initiatives:

1. \$500,000 to augment our litigation/enforcement document imaging funds for FY 1999. This provides a total of \$850,000 for imaging in FY 1999. The FEC Office of General Counsel (OGC) originally requested no document imaging funds for FY 1999 (OGC assumed that the need for these funds in FY 1999 for the major cases from the 1996 cycle would be very minimal.) OGC has now indicated that, due to delays in obtaining legal documents in some of the major cases still pending, they will need significant document imaging funds in FY 1999.
2. \$20,000 for OGC travel, \$165,500 for OGC training (of which \$120,500 is for specialized training in negotiations, depositions, and litigation), and \$43,000 for depositions. In addition, OGC has the need for an additional \$70,000 for legal research publications and automated legal research services.

3. \$100,000 for establishment of a Conciliation Pilot Program, consisting of an outside alternative dispute resolution team to mediate those enforcement cases which, under our Enforcement Priority System (EPS), would otherwise be in danger of becoming stale and subject to dismissal without substantive action by the Commission. The proposed alternative dispute resolution team would be staffed with contract employees.
4. \$90,000 to accelerate conversion of the EPS to Lotus Notes and implementation of PC Docs. These efforts augment the services provided by the new OGC case management system (accelerating items contained in future years under the Commission's IT Strategic Plan).
5. \$50,000 for a consultant to develop enhanced enforcement MIS data for presentation in budgets and justifications (PwC proposal for depiction of enforcement case data).
6. \$50,000 for a consultant to develop election cycle specific performance standards for the Staff Director, General Counsel, and Senior Staff (PwC proposal).
7. \$31,500 for a consultant to develop reporting standards and redesign standardized disclosure reporting forms (PwC proposal). This initiative is authorized up to \$45,000, provided there is a surplus from the first five initiatives.

Should the aforementioned initiatives prove to be less costly than originally estimated, any surplus, of up to \$95,000, would be devoted to consultant fees for the reengineering of fax, CD, modem, and email procedures, and the work processes related to these technologies.

The Commission is moving on the development of the alternative dispute resolution team and the other initiatives listed, subject to Congressional approval of our revised plan. As noted previously, the Commission's existing IT Strategic Plan provides sufficient funds to assist the Senate in establishing point-of-entry for electronic filings which could then be transmitted electronically to the FEC disclosure and imaging systems.

Fiscal Year Reprogramming Costs

⇒ Please identify the items funded in the FY 1999 appropriation that are one-time costs not requiring continued funding in FY 2000.

Answer. Including the funds contained in the reprogramming request and the plan to expend the \$1.12 million, one-time FY 1999 costs include:

\$861,000 in costs associated with the renovation and construction of FEC space;

\$100,000 to initiate the revision and update of the VSS (not funded in FY 1999 or in the FY 2000 request);

\$620,000 of the earmarked \$1.12 million for:

\$298,500 for OGC travel, training, depositions, and legal research publications services;

\$100,000 for the Alternative Dispute Resolution (ADR) pilot project;

\$90,000 to expedite conversion of EPS to Lotus Notes and PC Docs for Case Management;

\$50,000 to develop the MIS criteria for display of OGC enforcement caseload in budget presentations;

\$50,000 to develop performance standards for the Staff Director, General Counsel and Senior Staff;

\$31,500 to develop reporting standards and revised disclosure reporting forms.

Statistical Profile of FEC Employees

Question 6. Please provide a statistical profile of your employees and management personnel broken down by race, sex, and pay grade.

Answer. Following is a statistical profile of FEC staff:

Federal Election Commission Statistical Profile of Employees by Race, Sex, and Pay Grade/Plan As of March 23, 1999

<u>Pay Grade/Plan</u>	<u># of Employees by Race/Sex</u>	<u>Category Total</u>
Executive Pay Plan - Level 4	6 White Males 1 White Female	7
Executive Pay Plan - Level 5	1 White Male	1
General Manager: GM-15 GM-15	5 White Females 8 White Males	13
GM-14 GM-14	1 White Female 7 White Males	8

<u>Pay Grade/Plan</u>	<u># of Employees by Race/Sex</u>	<u>Category Total</u>
General Manager: GM-13	2 Black Females	12
GM-13	5 White Females	
GM-13	5 White Males	
General Schedule: GS-03	1 Black Female	2
GS-03	1 White Female	
General Schedule: GS-04	1 Black Female	2
GS-04	1 White Male	
General Schedule: GS-05	1 Asian Female	17
GS-05	2 White Females	
GS-05	9 Black Females	
GS-05	3 Black Males	
GS-05	1 White Male	
GS-05	1 Asian Male	
General Schedule: GS-06	3 Black Females	9
GS-06	4 Black Males	
GS-06	1 White Female	
GS-06	1 White Male	
General Schedule: GS-07	1 Native American Female	40
GS-07	1 Asian Female	
GS-07	18 Black Females	
GS-07	5 Black Males	
GS-07	1 Hispanic Male	
GS-07	6 White Females	
GS-07	1 Hispanic Female	
GS-07	7 White Males	
General Schedule GS-08	2 Black Females	5
GS-08	2 Black Males	
GS-08	1 White Female	
General Schedule GS-09	17 Black Females	32
GS-09	2 Black Males	
GS-09	7 White Females	
GS-09	5 White Males	
GS-09	1 Asian Male	

No Employees at the GS-10 Grade Level

General Schedule	GS-11	19 Black Females	49
	GS-11	3 Black Males	
	GS-11	1 Hispanic Male	
	GS-11	15 White Females	
	GS-11	11 White Males	
General Schedule	GS-12	1 Asian Female	34
	GS-12	1 Asian Male	
	GS-12	3 Black Females	
	GS-12	9 Black Males	
	GS-12	9 White Females	
	GS-12	11 White Males	
General Schedule	GS-13	1 Asian Female	29
	GS-13	1 Black Female	
	GS-13	2 Black Males	
	GS-13	10 White Females	
	GS-13	15 White Males	
General Schedule	GS-14	4 Black Females	41
	GS-14	2 Black Males	
	GS-14	2 Hispanic Males	
	GS-14	17 White Females	
	GS-14	16 White Males	
General Schedule	GS-15	1 Black Male	13
	GS-15	7 White Females	
	GS-15	5 White Males	
Senior Level:	SL-0-0	1 Black Female	4
	SL-0-0	1 White Female	
	SL-0-0	2 White Males	

TOTAL: 318**Vendors Receiving FEC Contracts**

Question 7: Please provide a profile broken down by race, sex, and company size of the vendors who are receiving contracts from the FEC. Please include the aggregate dollar amount of such contract awards, along with an aggregate dollar amount of all contracts awarded by the FEC to third parties.

Answer. The information follows:

FY 98 Procurement Actions				FY 99 Procurement Goals		
Type of Procurements	# of Actions	Total\$	% of Total	# of Actions	Total\$	% of Total
Small Business Actions	1,018	\$1,321,000	43.97%	1,600	1,212,000	33%
Small Business Disadvantaged	0	0	0	18	25,000	.625%
Women-Owned Business	172	97,000	3.23%	175	200,000	5%
Total FY 98 Procurement Actions	1,190	\$1,418,000		1,793	1,437,000	
Other	740	1,586,000		1,100	2,599,000	
GRAND TOTAL	1,930	\$ 3,004,000		2,893	4,036,000	

FEC does not have any specific information on the race of vendors with FEC contracts.

Efforts to Recruit African American, Hispanics, and Other Minorities

Question 8. Please detail your efforts to recruit African American, Hispanics, other minorities and women to your workforce and as vendors. How do you rate the success of your promotion and recruitment programs for such prospective employees and vendors?

Answer. In 1994, the agency's Equal Employment Opportunity (EEO) Office developed, in cooperation with the executive leadership, supervisors and managers, a successful recruitment program to increase the minority, women, and disabled employee populations of the Commission. The EEO Office developed a targeted vacancy announcement mailing list that includes: (1) Washington metropolitan area universities, churches, and professional and business associations with significant numbers of minority and women members; (2) National Association for the Advancement of Colored People; (3) National Urban League; (4) National Council of Negro Women (NCNW); (5) Hispanic Employment Program Managers; (6) Federally Employed Women Organization (7) Handicapped Employment Program Managers; (8) State Vocational and Rehabilitation Program Coordinators; (8) Black Employment Program Managers; (9) Native-American Employment Program Managers; (10) Asian-Pacific Islander Employment

Program Managers; (11) Disabled Veteran's Program Managers; (12) Black Deaf Association; (13) Hispanic National Bar Association; (14) Hispanic Public Affairs Association; (15) Leagues of United Latin American Citizens (LULAC); (16) Paralyzed Veterans of America; and (17) Federal Government EEO and Personnel Directors.

In addition, vacancy announcements are posted on agency bulletin boards, distributed internally to agency employees, mailed and faxed to special interest groups, advertised in the *Legal Times* newspaper, *Washington Post* newspaper, Federal Career Opportunities private publication, local county newspapers (Fairfax, VA, Prince Georges County, MD, and Montgomery County, MD); and, placed on the Websites of the Office of Personnel Management and the Federal Election Commission. With respect to future postings, we plan to start to use the "America's Job Bank" web site. This is a Department of Labor sponsored web site. It's the largest job-listing site on the web.

Each year in the Fall, the Office of General Counsel sends attorneys to law schools, and law consortiums throughout the country to recruit a diverse group of law school students and graduates. We recruit at minority job fairs and law schools where it is known there are large number of minority students. We recruit five to six 2nd year students to work as summer interns; and we recruit five to six 3rd year students to take permanent attorney positions upon their completion of law school. This recruiting effort has proved to be very successful in attracting male and female students from all parts of the country, of racial diversity, and different sexual orientation.

The agency's Career Advancement Program (CAP) targets women, minorities, and people with disabilities within the agency for training and developmental opportunities leading to advancement at the GS-12 grade level. Two (2) African-American women successfully completed the program's requirements, with both making the Dean's List at their universities. Although temporarily on hold due to budget considerations, the Commission plans to continue the successful CAP Program in the near future.

Six (6) of the agency's 318 employees meet the Equal Employment Opportunity Commission's criteria as severely disabled/handicapped (deaf, cerebral palsy, mental retardation, etc.).

As of March 23, 1999, the agency has one active EEO complaint, pending resolution. The agency's Alternative Dispute Resolution Program (EEO Early Intervention Program) has enabled the Commission to maintain an almost zero formal EEO complaint rate since 1994.

With respect to the success of the programs, efforts are continually made to recruit and promote women, minorities, and people with disabilities at the Federal Election Commission. The agency encourages advancement through its tuition assistance program by reimbursing employees the cost of college courses. Minorities, women and people with disabilities are members of task forces and at every opportunity are temporarily promoted to positions of greater responsibilities and increased pay. In addition, minorities and women serve as members of employee selection and promotion panels and in major decision-making roles. Specific attention

is given to every personnel action and management decision to seek out and ensure the equal and fair inclusion of members of all special populations.

While the Federal Election Commission has experienced the same special population recruitment barriers as other Government agencies (hiring freezes, budget and funding considerations, lack of applications from targeted groups, limited recruitment opportunities due to low employee turn-over rate, etc.), we are pleased to report success in advancing women, minorities and people with disabilities. However, we realize there is room for improvement and will continue to focus our efforts in this area.

During FY 99, the Office of Personnel recruited two minority, women-owned firms to perform contract services. There were 5 procurement actions totaling \$27,605.

Due to the size and scope of the FEC acquisitions, no special action has been required to achieve Government-wide goals for woman-owned and small business.

Questions Submitted by Congresswoman Anne Northup

Criteria for Case Dismissal

Question 1. What are the criteria for the dismissal of a case brought before the FEC or what does the commission look for when considering whether a case has merit?

Answer. Cases dismissed under EPS fall into two categories: low-rated cases and stale cases. Low rated cases are those that do not warrant use of the Commission's limited resources to pursue because of their lower significance relative to other pending matters. The Commission has established a minimum numerical EPS score to assess whether a matter is low rated; low rated cases are those whose scores are below this threshold. Stale cases are those that initially received a higher rating but have remained unassigned for a significant period due to a lack of staff resources for effective investigation. Effective enforcement relies upon the timely pursuit of complaints and referrals to ensure compliance with the law. Investigations concerning activity more remote in time usually require a greater commitment of resources, primarily due to the fact that the evidence of such activity becomes more difficult to develop as it ages. The utility of commencing an investigation declines as these cases age, until they reach a point when activation of a case would not be an efficient use of the Commission's resources. As cases reach this point, they are recommended for dismissal.

Question 2. Approximately, what percentage of cases filed end up being summarily dismissed? Is there a predominant reason that most cases are dismissed?

Answer. Using FY 1998 as an example (the actual figures vary from year to year), we had a total of 408 cases pending at some point during the year. Of these total pending cases, 36%, or 145 cases, were dismissed as low rated or stale during the course of the year (59 low rated; 86 stale). Low rated cases comprise the clear majority of cases dismissed under EPS if one counts from the beginning of the program: 63% of the total number of cases dismissed under EPS since 1993 were dismissed for this reason, and 37% were dismissed for staleness.

Question 3. What level of scrutiny or investigation does each case receive?

Answer. Cases recommended for dismissal under EPS are not usually subject to any investigation, since this action is based on the fact that the case is either stale or low rated. The Commission receives copies of all complaints and referrals, responses from respondents, and a copy of the EPS rating sheet when the case has been rated. Each Commissioner maintains a comprehensive case file on all pending cases. When low rated cases are recommended for dismissal, the Commission also reviews a narrative summary for each case prior to taking action. Recommendations for dismissal of stale cases do not include a narrative summary of the case, since they are recommended for dismissal solely due to the passage of time unrelated to the substance of the case. The Commission, however, is aware of the nature and significance of a stale case based on the file.

Question 4. How much does a dismissed case cost the taxpayer as opposed to a case that receives the routine level of investigation? How expensive can cases become?

Answer. Unfortunately, this information is not readily available through our present computer systems at a level of detail sufficient to answer this question. While it could be derived largely by hand, this would be an extremely tedious and time-consuming process. If the Committee still wishes the Commission to undertake this process, it would take some time to accomplish. The new Case Management System, once it is phased in, will largely solve this problem by providing us the ability to more easily monitor case costs at any point in the process. More general figures are available through our current system. The Central Enforcement Docket (CED) section handles the dismissal of cases, as well as processing for new cases, case ratings, and a variety of docket and statistical functions. In FY 1998, the CED function cost the taxpayer a total of \$172,563. In comparison, the total direct costs for enforcement activities in FY 1998, including PFESP enforcement costs, but not including any litigation costs, was about \$2.4 million.

Giving the FEC the Power to Mandate Electronic Filing

Question 1. You recommend in your March 5 letter to Congress a recommendation that Congress give the FEC the authority to require committees with a certain level of financial activity to file FEC reports electronically.

⇒ How much money or manpower would this save the FEC and the American taxpayer?

Answer. A primary benefit of technology in an area experiencing significant growth is that it provides an opportunity to provide improved service without increasing the manpower required to accomplish the task. The FEC has experienced this phenomenon, for example, in its use of the Internet as a means of disseminating campaign finance information to the public. We are able to accommodate many more requests for information without increased staffing because we can use the Internet as the vehicle for providing information. Similar efficiencies will be experienced with the growth of electronic filing and its application throughout the Commission's operations.

If the Commission were to receive electronic filings from the largest third of reporting committees (representing approximately 95% of the detailed data currently processed) the Commission would experience significant reductions in current coding and entry costs. However, some staff resources would still be required in order to process the remaining paper reports (nearly half of all reports in FY98 were filed by committees below the threshold) and to resolve any problems attendant to electronic filing. We currently estimate a savings of 60% of data coding and entry staff, as well as 90% of the data entry contract.

In FY 1998 the Commission spent almost \$500,000 for staff and contract costs related to coding and entry. Total estimated savings from this program area would be approximately \$395,000 in FY 2000.

Question. 2. At what level would you suggest the filing be made mandatory?

Answer. The Commission has not yet discussed a specific threshold beyond which electronic filing would be mandatory. We would note, however, that there is considerable skewness in the distribution of committees filing with the FEC. That is, there are a relatively small number of committees who account for a very large proportion of the financial activity reported to us. We believe we can use this to our advantage by mandating electronic filing on what would be a relatively small proportion of filers while still gaining the benefits and efficiencies of having the bulk of financial data provided in this form. For example, about 1,800 of the 5,500 committees filing 1998 Year End reports disclosed over \$100,000 in activity; yet these committees' aggregate activity constituted about 95% of that cycle's overall activity.

Question 3. I know that you are now providing the filing software free to registered committees. How easy is it for them to use this software and how have you provided information services to answer any questions they might have?

Answer. We recently made this software downloadable from our website. We are continuously working to improve the filing software by making it easier to use and offering benefits to those who use it. There is extensive context sensitive help provided within the program itself, and we have also contracted for 24 hour a day 7 day a week telephone support available at no charge to committees who are using the program.



FEDERAL ELECTION COMMISSION
BUDGET REQUEST FOR FY 2000
CONGRESSIONAL JUSTIFICATION

Submitted to Congress and OMB
March 3, 1999

FEC FY 2000 Budget Request

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EXECUTIVE SUMMARY

The Commission submits a budget request of \$38,516,000 (356.5 FTE) for FY 2000. It represents a continuation of the FY 1999 funding level, as adjusted for inflation, new Information Technology (IT), or ADP, initiatives and personnel pay and benefits increases. It differs from the FY 1999 appropriation, however, in that it would fund 9 additional staff for the compliance and public financing programs (and .5 FTE in administrative support staff.)¹ Although the stand-alone cost for adding 9 staff (personnel plus direct non-personnel costs) is an additional \$656,000, this amount is offset in part by the elimination from the FY 2000 budget of several non-recurring expenses in the FY 1999 budget. In effect, for FY 2000 we have allocated to personnel costs funds expended in FY 1999 on one-time, non-personnel expenses. This shift allows the agency to maximize its return on the FY 1999 investment in the infrastructure supporting the Commission's core programs. The 9 additional staff are allocated to audit and enforcement activities in FY 2000.

The enhancements in this budget request will enable the Commission to:

- Complete the audits of an increased number of Presidential candidates from the 2000 election within two years after the general election.
- Develop and maintain enhanced computer capabilities, including
 - * electronic filing,
 - * the imaging of reports for Internet access, and
 - * a computer program for managing legal operations.
- Carry out a more credible and timely enforcement program.

Difference Between FY 1999 Appropriation and FY 2000 Request

The difference between the FY 1999 appropriation and the FY 2000 request is an increase of \$1,666,000, which reflects a modest net increase of 4.5% from the FY 1999 appropriation. Most of this increase is explained by increases in federal pay and benefits costs (an increase of \$991,500) because of COLAs and inflation in benefits costs, and inflation adjustments for GSA rent and basic overhead (an increase of \$345,000), for a total increase resulting from inflation and other uncontrollable costs of \$1,336,500. In addition to these basic costs we have added two programmatic requests for funding in FY 2000 totaling another \$1,108,000. This total request is then offset to some degree by certain one-time costs incurred in FY 1999, but for which funding is not required in FY

¹ The Commission's original FY 1999 Management Plan and its original FY 2000 budget request were built from a base level of 347.5 FTE in preparing the requests. Subsequent to the original submission of the budget, Congress capped the FEC at 347.0 FTE in FY 1999. Our original request was for 9 additional FTE beyond this 347.5 base; due to the cap, the increase over FY 1999 authorized levels is for 9.5 FTE, with the .5 FTE allocated to the FEC Personnel Office in the Staff Director's Office.

2000, for a reduction of \$778,500 in FY 2000. This leaves a net total increase of \$1,666,000.

The programmatic increases include \$452,000 for the cost of the multiyear IT developmental initiatives (part of our five-year IT Strategic Plan) and \$656,000 for the cost of 9 additional staff (FTE) for the public financing and compliance programs. New staff would be allocated between the Audit Division (3) and the General Counsel's Office (6).

The reductions in costs from FY 1999 can be explained by several items. The Commission's FY 1999 appropriation contained an earmark for a final increment of \$1,120,000, which Congress encouraged the Commission to use for compliance (enforcement) initiatives which did not require additional staff hires. Subject to approval by the Appropriations Committees, the Commission earmarked these funds for several compliance activities: enforcement and litigation staff deposition and travel costs, legal training, computerized legal research tools, and computerized legal document imaging and indexing costs. The Commission is in the process of exploring some further initiatives in the compliance program which do not utilize additional staff resources (FTE) with the final \$442,000 of these funds. Many of these items are one-time costs not requiring continued funding in FY 2000.

Furthermore, the Commission incurred some one-time costs for building renovations in FY 1999, as we acquired additional space in our currently occupied building, plus underwent renovations to existing space. Finally, the Commission determined to allocate an additional \$100,000 to the Office of Elections Administration to initiate the revision of the Voting Systems Standards (VSS) in FY 1999. The final FY 2000 budget request is offset by all these one-time costs.

Differences FY 1999 to FY 2000		
	FY 1999 Appropriation²	\$36,850,000
+	Increases in pay costs,³ rent costs,⁴ and overhead costs⁵	1,336,500
-	Net reductions from one-time costs FY 1999⁶	(778,500)
+	IT Increase (see p. 22)	452,000
+	Staff Increase of 9 FTE⁷	656,000
=	Budget for FY 2000⁸	\$38,516,000

² This figure was included in the Omnibus Appropriations Act portion for the Treasury, Postal appropriations bill, as enacted, supplemented by an approved carryover of \$350,000 in document imaging funds from funds unobligated for that purpose in FY 1998.

³ Inflation in personnel costs includes within grade increases, career ladder promotions, cost of living adjustments (COLAs) and mandated increases in amounts contributed to the employee retirement funds (CSRS and FERS), as well as federal employee health insurance costs.

⁴ FY 2000 reflects higher space costs due to increases in GSA rental rates and enhanced security in Federal buildings.

⁵ Inflation in non-personnel costs includes increases in basic overhead expenses, such as phones, printing, reproduction, equipment rental, supplies and postage (roughly a 4.6% increase for FY 2000.)

⁶ Includes items from the \$1,120,000 earmark for compliance initiatives and construction related expenses.

⁷ This figure includes \$551,500 for salaries and benefits and \$104,500 for support for new personnel, including space, supplies, phones, travel, training, depositions and other support costs.

Mission

Our FY 2000 budget request will enable the Commission to perform its statutory mission and meet its program goals and objectives. The Commission's budget request justification therefore reflects its fundamental mission: to administer and enforce the three main components of the Federal Election Campaign Act (FECA), as amended:

- The disclosure of campaign finance information;
- The monitoring and enforcing of contribution limitations and prohibitions; and
- The public financing of Presidential elections.⁹

Additionally, the Commission has the mandated responsibility of compiling information and reviewing procedures related to the administration of federal elections.

Programs, Objectives and Goals (See p. 13)

To accomplish this mission, the Commission has established several programs—core programs and management programs. For each program, the Commission has defined objectives and goals, which are listed in the full discussion of the FY 2000 budget (pp. 6 to 27).

The programs are listed below, followed by the dollar amount and FTE needed to achieve the objectives and goals under the FY 2000 Budget:

- Promoting Disclosure (core) - \$7,698,803 and 107.5 FTE
- Obtaining Compliance with the Federal Election Campaign Act (core) - \$9,740,540 and 109.4 FTE
- Administering the Public Financing of Presidential Elections (core) - \$3,211,043 and 42.6 FTE
- Election Administration (core) - \$607,500 and 5 FTE
- Special IT Projects (management) - \$4,866,500 and 8.5 FTE
- Commission Policy and Administration (management) - \$12,391,515 and 83.5 FTE

Internal IT Enhancements (See p. 22)

Under the Current Budget Request, the agency will fund new IT initiatives in the following four areas:

- Computer Security
- World Wide Web
- Document Management
- Client/Server Development and Conversion

⁸ Reflects agreement reached with OMB for the President's FY 2000 Budget.

⁹ Public funding of Presidential elections comprises three parts: matching funds for qualified Presidential primary candidates; public grants for the Presidential nominees of major and minor parties; and public grants to major parties to run their national Presidential nominating conventions.

Electronic Filing (See p. 23)

By the start of 1998, the Commission's full electronic filing system was in place. (Under current law, electronic filing is optional for any political committee, other than Senate committees and the national parties' Senate campaign committees.)¹⁰

During FY 1999, the agency is "rolling out" this program, that is, it is developing incentives to encourage committees to file their reports electronically. Although the option of electronic filing will remain a voluntary decision under existing law, the system could handle all filers.

Year 2000 Computer Adjustment (See p. 24)

By March 1999, the Commission will complete work to ensure the viability of its computer programs and database in the year 2000.

Past IT Initiatives (See pp. 24)

The Commission has been working on several IT enhancements since 1995. These initiatives have resulted in improved disclosure services, with minimal increase in staff to administer the services. The Commission now provides disclosure services faster, in greater depth and to a larger audience than ever before. The initiatives have also assisted the FEC staff in certifying and auditing public funds provided to presidential candidates in the public funding program, and have enhanced the staff's capabilities in compliance efforts such as audits, enforcement, litigation, and the compliance referral processes.

¹⁰ Senate committees and the national parties' Senate campaign committees are required by law to file their reports with the Secretary of the Senate. Consequently, these committees are unable to participate at this time in the FEC's electronic filing program.

FEDERAL ELECTION COMMISSION FY 2000 BUDGET REQUEST

The Commission submits a budget request of \$38,516,000 million (356.5 FTE) for FY 2000. It represents a continuation of the FY 1999 funding level, as adjusted for inflation, new IT initiatives and personnel benefits. It differs from the FY 1999 appropriation, however, in that it would fund 9 additional staff for the compliance and public financing programs (and .5 FTE in administrative support staff.)¹¹ The final request for FY 2000 is virtually the same request the FEC submitted concurrently to Congress and OMB in November 1998. After discussions with OMB, the FEC and OMB reached agreement and the President's Budget Request for the FEC for FY 2000 is for \$38,516,000 million and 356.5 FTE.

Although the stand-alone cost for adding 9 staff (personnel plus direct non-personnel costs) represents an additional \$656,000, this amount is offset in part by the elimination from the FY 2000 budget of several non-recurring expenses in the FY 1999 budget (see Table 1). In effect, for FY 2000 we have allocated to personnel costs the amount expended in FY 1999 on one-time, non-personnel expenses. This shift allows the agency to maximize its return on the FY 1999 investment in the infrastructure supporting the Commission's core programs. The 9 additional staff are allocated to audit and enforcement activities in FY 2000.

The enhancement in this budget request will enable the Commission to:

- Complete the audits of an increased number of Presidential candidates from the 2000 election within two years after the election.
- Develop and maintain computer capabilities, including
 - * electronic filing,
 - * the imaging of reports for Internet access, and
 - * a computer program for managing legal operations.
- Carry out a more credible enforcement program.

Difference Between FY 1999 Appropriation and FY 2000 Request

As indicated in Table 1 below, the difference between the FY 1999 appropriation and the FY 2000 request is explained by increases in federal pay and benefits costs, inflation adjustments for GSA rent and basic overhead support costs, an increase in the cost of the multiyear IT developmental initiatives from FY 1999 to FY 2000 per the Commission's IT Strategic Plan, and the cost of 9 additional staff (FTE) for the public financing and compliance programs.

¹¹ The Commission's original FY 1999 Management Plan and its original FY 2000 budget request were built from a base level of 347.5 FTE in preparing the requests. Subsequent to the original submission of the budget, Congress capped the FEC at 347.0 FTE in FY 1999. Our original request was for 9 additional FTE beyond this 347.5 base; due to the cap, the increase over FY 1999 authorized levels is for 9.5 FTE, with the .5 FTE allocated to the FEC Personnel Office in the Staff Director's Office.

New staff would be allocated between the Audit Division (3) and the General Counsel's Office (6). In keeping with immediate past budget requests, the Commission is not requesting additional staff resources in the disclosure activities, but is limiting its request for additional resources allocated to the audit, enforcement, litigation, audit review, and computer support programs.

The net difference between the FY 1999 appropriation and the FY 2000 request is an increase of \$1,666,000, which reflects a modest net increase of 4.5% from the FY 1999 appropriation. Most of this increase is explained by the increases in federal pay and benefits costs because of COLAs and inflation, and inflation adjustments for GSA rent and basic overhead, for a total increase resulting from inflation and other uncontrollable costs of \$1,336,500. This is reduced by certain one-time costs incurred in FY 1999, but for which funding is not required in FY 2000, for a total reduction of \$778,500 in FY 2000. This leaves a net increase of \$558,000, to which we have added the two programmatic requests for funding in FY 2000, that bring the total increase up to \$1,666,000. Thus, our increases resulting from inflation and for the requested programmatic increases are partially offset by the reductions from one-time costs incurred during FY 1999.

The programmatic increases include \$452,000 for the cost of the IT developmental initiatives (part of our five-year IT Strategic Plan) and \$656,000 for the cost of 9 additional staff (FTE) for the public financing and compliance programs.

The reductions in costs from FY 1999 can be explained by several items. The Commission's FY 1999 appropriation contained an earmark for a final increment of \$1,120,000, which Congress encouraged the Commission to use for compliance (enforcement) initiatives which did not require additional staff hires. Subject to approval by the Appropriations Committees, the Commission earmarked these funds for several compliance activities: enforcement and litigation staff deposition and travel costs, legal training, computerized legal research tools, and computerized legal document imaging and indexing costs. The Commission is in the process of exploring some further initiatives in the compliance program which do not utilize additional staff resources (FTE) with the final \$442,000 of these funds. Many of these items will be one-time costs not requiring continued funding in FY 2000.

Furthermore, the Commission incurred some one-time costs for building renovations in FY 1999, as we acquired additional space in our currently occupied building, plus underwent renovations to existing space. Finally, the Commission determined to allocate an additional \$100,000 to the Office of Elections Administration to initiate the revision of the Voting Systems Standards (VSS) in FY 1999.

State and local elections officials have requested that the FEC update the previously issued voluntary VSS, which have proved valuable to elections administrators in selecting vote counting and recording equipment. Funds for this project were not included in the original FY 1999 budget request by the Commission, and the request was made too late for inclusion in the Commission's FY 2000 budget request. However, the FEC has made a commitment to start the revisions in FY 1999, and to make any funds which may become available in FY 2000 a priority reallocation to this project. If necessary, the Office of Elections Administration has committed to using existing contract funds in FY 2000 for the VSS update.

The final FY 2000 budget request is offset by all these one-time costs incurred in FY 1999. The net result is a modest increase in staff of 9 FTE (2.6%) and a total 4.5% increase over FY 1999 funding: a net 1.5% increase for inflationary increases and 3.0% for the 9 additional staff and increases in IT expenditures. Given the importance of the Commission's mission in relation to the electoral process, we believe this is a reasonable request.

Table 1 depicts in greater detail the increases from FY 1999 to FY 2000 and the allocation of the \$1.120 million compliance earmark in FY 1999.

TABLE 1 FEC FY 1999 TO FY 2000

TABLE 1: FEC OBJECT CLASS SUMMARY FY 1999 TO FY 2000							
OBJECT CLASS	FY 1999	FY 1999	FY 1999	FY 1999	FY 1999	FY 1999 TO	FY 2000
	BASE M. PLAN	BASE M. PLAN	BASE M. PLAN	M. PLAN	M. PLAN	FY 2000	BUDGET
	ORIGINAL	CHANGES	REVISED	\$1.1M EARMARK	TOTAL	INCREASE	REQUESTED
PERSONNEL BASE 347 FTE	24,335,000	-	24,335,000	-	24,335,000	-	24,335,000
PERSONNEL (FY 2000 COLAS)	-	-	-	-	-	991,500	991,500
PERSONNEL (10 FTE "LAPSE")	-	(927,500)	(927,500)	-	(927,500)	927,500	-
ADDITIONAL 9 FTE	-	-	-	-	-	551,500	551,500
TOTAL PERSONNEL	24,335,000	(927,500)	23,407,500	-	23,407,500	2,470,500	25,878,000
BASE NON-PERSONNEL	3,710,500	261,450	3,972,000	-	3,972,000	163,000	4,155,000
GSA RENT	3,217,500	7,500	3,225,000	-	3,225,000	162,000	3,387,000
IT (ADP) INITIATIVES NON-PERS	3,614,500	-	3,614,500	-	3,614,500	452,000	4,266,500
VSS REVISIONS	-	100,000	100,000	-	100,000	(100,000)	-
CONSTRUCTION/RENOVATIONS	302,450	558,550	861,000	-	861,000	(861,000)	-
DOCUMENT IMAGING	350,000	-	350,000	500,000	850,000	(125,000)	725,000
OGC ENFORCEMENT SUPPORT	-	-	-	108,000	108,000	(108,000)	-
OGC IT RESEARCH SERVICES	-	-	-	70,000	70,000	(70,000)	-
COMPLIANCE INITIATIVES	-	-	-	442,000	442,000	(442,000)	-
SUPPORT ADDITIONAL 9 FTE	-	-	-	-	-	104,500	104,500
TOTAL NON-PERSONNEL	11,365,000	927,500	12,322,500	1,120,000	13,442,500	(804,500)	12,638,000
TOTAL COMMISSION	35,730,000	-	35,730,000	1,120,000	36,850,000	1,866,000	38,516,000

* The hiring in FY 99 has not been fast enough to end the year at an aggregate of 347 FTE, although the on-board strength will be close to that figure at the end of the fiscal year. With the personnel cost savings, the FEC has moved to undertake appropriate projects and infrastructure development.

Explanation of Staff (FTE) Increase

Despite large increases in Commission workloads due to ever-increasing federal election related campaign finance activity, the FEC has been relying on improvements in productivity, management initiatives, and technological advances to cope with any increases in disclosure program workloads. However, as the recently completed PricewaterhouseCoopers (PWC) audit of the Commission noted, the FEC's existing compliance capacity is severely limited. To address the problem, the FEC's FY 2000 request includes an increase of nine FTE in compliance staff.

The addition of nine FTE in compliance will not enable the Commission to meet its full enforcement workload requirements, but it will enable the FEC to activate more cases and take substantive action on more cases. Although the additional increment will not resolve the compliance capacity issue, it does provide for marginal improvement in the compliance program. The Commission will allocate the 9 additional positions between the Audit Division and the General Counsel's Office, as explained below.

Audit Division - Increase of 3

Three additional auditors will enable the Commission to handle the increased number of Presidential audits anticipated in the 2000 election cycle. An increase is likely because more candidates are expected to qualify for public funds in 2000 than did in 1996, the year of the last Presidential election. The Presidential election of 2000 is essentially "open" for both major parties, and is expected to be heavily competitive in both the primary and general elections. In addition, the continued "front-loading" of the primary process means that there should be early drop-outs from the primary elections, which may enable the FEC to initiate post-primary audits early in the cycle.

General Counsel's Office - Increase of 6¹²

This year's request for 6 additional staff will allow the agency to carry out a more credible compliance program, which is fair and more prompt than in FY 1999. The FEC budget request does not, however, replicate the full requests for additional compliance program staff, particularly in enforcement and litigation, made by the Commission in FYs 1998 and 1999. This request is for fewer FTE than was requested by the FEC in FY 1998 and 1999. Therefore, while this request will assist in improving both the number of cases that can be closed with substantive Commission action (i.e. not dismissed with no action) and the case activation ratio, it will not provide for the full desired improvement in the number of cases closed with substantive action or in the case activation ratio.

The additional staff primarily will be used to step up compliance activity. However, the requested staff also reflects the need for additional PFESP staff for the legal and compliance aspects of the public funding programs during the 2000 election cycle.

¹² For a full description of the enforcement program, see the discussion of *Enforcement*, pp. 17 and 28-32.

Budgetary History

Table 2 depicts the FEC staffing by Office and Division from FY 1995 through FY 1999 (projected). Past staff levels are compared to the FY 2000 budget request.

TABLE 2: FEC HISTORICAL FTE								
OFFICE 01-Feb-99	FY 95 ACTUAL 30-Sep	FY 96 ACTUAL 30-Sep	FY 97 ACTUAL 30-Sep	FY 98 ACTUAL 30-Sep	FY 99 M. PLAN 1-Feb	FY 2000 BASE 1-Feb	FY 2000 INCREM. 1-Feb	FY 2000 REQUEST 1-Feb
COMMISSIONERS	19.1	16.3	15.6	15.2	18.6	20.0		20.0
STAFF DIRECTOR	26.1	25.8	24.0	23.4	24.4	24.0		24.0
ADMINISTRATION	19.2	20.0	19.5	18.5	20.0	21.0		21.0
AUDIT	31.3	37.3	33.6	31.8	37.0	42.0	3.0	45.0
INFORMATION	13.5	12.7	12.9	12.2	12.5	13.0		13.0
GENERAL COUNSEL	104.3	95.3	92.8	99.4	112.5	115.0	6.0	121.0
CLEARINGHOUSE	6.0	5.2	4.8	4.8	5.0	5.0		5.0
DATA SYSTEMS	35.0	30.7	31.8	30.6	38.5	39.0		39.0
PUBLIC DISCLOSURE	14.6	14.6	12.5	13.5	14.0	14.0		14.0
REPORTS ANALYSIS	41.9	40.4	39.0	39.6	42.0	42.0		42.0
I.G. OFFICE	3.8	4.0	4.0	3.7	4.0	4.0		4.0
SUBTOTAL	314.8	302.3	290.5	292.7	328.5	339.0	9.0	348.0
IT ENHAN./EF	N.A.	6.2	6.2	10.0	8.5	8.5		8.5
TOTAL	314.8	308.5	296.7	302.7	337.0	347.5	9.0	356.5

The Commission's revised FY 1999 Management Plan recognizes that a delay in reaching the authorized staffing level of 347 FTE will result in less than 347 FTE for the entire FY. The FEC does expect to reach the 347 FTE ceiling by the close of FY 1999 and achieve the staffing requested for FY 2000.

Table 3 provides an historical view of the FEC's budget, allocated among its organizational units.

TABLE 3: COMMISSION ORGANIZATIONAL UNITS						
FY 1995-2000						
DIVISION/OFFICE	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
1-Feb-99	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ENACTED	FEC REQUEST
	314.8 FTE	308.5 FTE	306.9 FTE	302 FTE	347 FTE	358.5 FTE
COMMISSIONERS	\$ 1,891,507	\$ 1,652,437	\$ 1,612,216	\$ 1,657,033	\$ 2,051,239	\$ 2,262,500
STAFF DIRECTOR	\$ 1,891,571	\$ 1,926,607	\$ 1,915,353	\$ 1,979,493	\$ 2,017,094	\$ 2,095,000
SDO/COM. SEC.	853,285	824,583	781,678	847,853	952,707	891,500
P AND M	157,348	187,567	188,702	148,505	132,000	195,500
PERSONNEL	414,712	443,578	465,775	444,399	408,887	423,500
PRESS	378,252	401,652	407,964	448,999	445,000	472,500
EEO	88,974	89,227	91,236	91,737	78,500	112,000
ADMINISTRATION	\$ 4,511,085	\$ 4,803,343	\$ 4,831,900	\$ 5,261,672	\$ 6,465,957	\$ 6,087,500
AUDIT	\$ 1,916,079	\$ 2,216,413	\$ 2,369,213	\$ 2,294,643	\$ 2,552,950	\$ 2,992,000
INFORMATION	\$ 880,648	\$ 921,093	\$ 965,088	\$ 984,001	\$ 1,071,500	\$ 1,127,500
OGC	\$ 7,277,336	\$ 7,012,057	\$ 7,789,351	\$ 8,839,611	\$ 10,663,500	\$ 10,883,500
CLEARINGHOUSE	\$ 582,636	\$ 492,340	\$ 523,963	\$ 530,507	\$ 684,146	\$ 607,500
DATA SYSTEMS	\$ 2,791,771	\$ 2,669,966	\$ 2,746,688	\$ 2,753,863	\$ 3,533,000	\$ 3,626,500
PUBLIC DISCLOSURE	\$ 774,665	\$ 885,013	\$ 733,837	\$ 806,102	\$ 838,114	\$ 850,000
RAD	\$ 1,711,736	\$ 1,738,233	\$ 1,805,860	\$ 1,856,679	\$ 1,998,500	\$ 2,110,000
IG	\$ 220,407	\$ 246,192	\$ 268,200	\$ 276,464	\$ 321,500	\$ 327,500
TSP/FERS/CAWRDS	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 680,000
IT/EF/INTERNET	\$ 1,179,042	\$ 1,912,496	\$ 2,581,725	\$ 2,935,915	\$ 4,402,500	\$ 4,866,500
LAPSE	\$ 19,517	\$ 14,810	\$ 21,606	\$ 724,017	*	
TOTAL	\$ 25,648,000	\$ 26,491,000	\$ 28,165,000	\$ 30,900,000	\$ 36,850,000	\$ 38,516,000
BUDGETS FOR THE SDO COMPONENTS ARE SUBTOTALS OF THE SDO TOTAL.						

* FY 1998 lapse includes \$350,000 carryover of 50% of document imaging funds lapsed, per approval of Congress and OMB, for use in FY 1999 (FY 1999 appropriation supplemented by the additional Budget Authority, BA, of \$350,000.)

Table 4 is an historical summary of the Commission's budget, by object class.

TABLE 4: OBJECT CLASS SUMMARY						
OBJECT CLASS	FY 1996	FY 1997	FY 1998	FY 1999	FY 1999	FY 2000
01-Feb-99	ACTUAL	ACTUAL	ACTUAL	PLANNED	TO FY 2000	FEC REQUEST
	Sep-96	Sep-97	Sep-98	347 FTE	INCREMENT	356.5 FTE
SALARIES AND BENEFITS	18,654,291	19,089,170	20,261,967	22,951,500	2,526,500	25,478,000
OVERTIME	73,249	130,514	144,854	166,000	(61,000)	105,000
WITNESSES	997	1,569	800	5,000	-	5,000
CASH AWARDS	170,789	187,158	181,995	250,000	10,000	260,000
OTHER	27,146	27,000	6,000	35,000	(5,000)	30,000
TOTAL PERSONNEL	18,926,472	19,435,411	20,595,216	23,407,500	2,470,500	25,678,000
21.01 TRAVEL	140,939	248,074	164,027	324,500	16,500	341,000
22.01 TRANS. OF THINGS	21,122	23,312	31,511	23,000	5,000	28,000
23.11 GSA SPACE	2,527,167	2,514,448	2,484,470	3,225,000	162,000	3,387,000
23.21 COMMERCIAL SPACE	24,502	24,000	25,000	28,000	1,500	27,500
23.31 EQUIPMENT RENTAL	83,762	185,934	101,117	110,500	6,500	117,000
23.32 TELEPHONE LOCAL	180,633	172,940	223,534	270,400	(45,400)	225,000
23.33 LONG DIST./TELEG.	11,277	29,070	18,769	25,000	9,000	34,000
23.34 TELEPHONE INTERCY.	78,514	51,050	37,500	45,000	10,000	55,000
23.35 POSTAGE	229,159	204,730	217,163	175,012	49,988	225,000
24.01 PRINTING	293,669	238,920	260,578	310,205	24,795	335,000
24.02 MICROFILM PRINTS	29,167	20,633	16,664	20,000	-	20,000
25.11 TRAINING	48,537	58,791	95,251	301,395	(178,395)	123,000
25.12 ADMIN. EXPENSES	80,127	45,116	122,398	91,058	(20,558)	70,500
25.13 DEPOSITIONS/TRANS.	28,700	55,633	41,323	83,000	9,000	92,000
25.21 CONTRACTS/OTHER	1,107,161	2,432,487	2,162,292	3,766,152	(637,152)	3,129,000
25.23 OTHER REP./MAINT.	-	4,400	3,261	5,000	5,000	10,000
25.24 TUITION	6,413	3,080	1,333	3,000	2,000	5,000
25.31 FED. AGENCY SERV.	298,892	523,216	1,102,782	1,713,550	(761,550)	952,000
25.41 FACIL. MAINT.	18,901	49,720	145,273	40,000	(25,000)	15,000
25.71 EQUIP. REP./MAINT.	281,389	198,055	216,982	225,950	2,050	228,000
25.72 SOFT/HARDWARE	209,169	351,948	381,710	1,390,500	580,500	1,951,000
26.01 SUPPLIES AND MAT.	496,023	307,384	345,497	293,778	10,722	304,500
26.02 PUBLICATIONS	128,472	137,338	142,463	157,000	(1,000)	156,000
26.03 PUBLICATIONS SERV.	122,082	116,887	107,890	184,500	(49,500)	135,000
31.01 EQUIP. PURCHASES	1,103,941	710,637	1,130,979	633,000	39,500	672,500
NON-PERSONNEL TOTAL	7,549,718	8,707,983	9,580,767	13,442,500	(804,500)	12,638,000
LAPSE END OF FY	14,810	21,606	724,017	*		
TOTAL FEC	26,491,000	28,165,000	30,900,000	36,850,000	1,666,000	38,516,000

* FY 1998 lapse includes \$350,000 carryover of 50% of document imaging funds lapsed, per approval of Congress and OMB, for use in FY 1999 (FY 1999 appropriation supplemented by the additional Budget Authority, BA, of \$350,000.)

Program/Objective Analysis¹³

Mission

The Commission's budget stems from its fundamental mission: to administer and enforce the three main components of the Federal Election Campaign Act, as amended (FECA):

- The disclosure of campaign finance information;
- Contribution limits and prohibitions; and
- The public financing of Presidential elections.¹⁴

Additionally, following the mandate of the statute, the Commission's mission includes compiling information and reviewing procedures with respect to the administration of federal elections.

Programs

To accomplish this mission, the Commission has established several programs—core programs and management programs.

The core programs are:

- Promoting Disclosure;
- Obtaining Compliance with the Federal Election Campaign Act (FECA);
- Administering the Public Financing of Presidential Elections; and
- Election Administration

The management programs are:

- Special IT Projects and
- Commission Policy and Administration

Within each of the core programs, the Commission has defined specific objectives. To reach these objectives, the Commission must accomplish certain goals, which are also defined. To the extent that the agency succeeds in reaching these goals and objectives, it will fulfill its fundamental mission.

The next few pages describe the core programs in terms of their objectives (and related goals), and explain how the requested budget will enable the Commission to reach those objectives. A series of tables supplement the explanation.

¹³ This analysis is based on the Commission's Strategic Plan and FY 2000 Performance Plan, submitted under the Government Performance and Results Act (GPRA). For more information on the Strategic Plan and the Performance Plan, see appendices B and C.

¹⁴ Public funding of Presidential elections has three components: matching funds for qualified Presidential primary candidates; public grants for the Presidential nominees of major and minor parties; and public grants to major parties to run their national Presidential nominating conventions.

Overview of FEC Programs

Tables 5A, 4B, and 4C provide an overview of the FEC's budget, by program. Table 5A shows the total dollars budgeted for each program; Table 5B distinguishes between personnel and nonpersonnel costs; and Table 5C shows the personnel (FTE) for each program. Tables 5A and 5C indicate what percentage of the total budget request each program represents.

TABLE 5A: COMMISSION BUDGET BY PROGRAM COSTS						
FY 1998-2000						
PROGRAM	FY 1998		FY 1999		FY 2000	
	\$	FEC %	\$	FEC %	\$	FEC %
PROMOTE DISCLOSURE	\$ 6,801,449	23%	\$ 7,437,044	20%	\$ 7,698,803	20%
OBTAIN COMPLIANCE	\$ 7,209,693	24%	\$ 10,021,905	27%	\$ 9,740,840	25%
PUBLIC FINANCING	\$ 2,694,970	9%	\$ 2,203,749	6%	\$ 3,211,043	8%
ELECTIONS ADMIN.	\$ 530,507	2%	\$ 684,146	2%	\$ 607,500	2%
IT/EF PROJECTS	\$ 2,835,915	10%	\$ 4,402,500	12%	\$ 4,866,500	13%
COMM. POLICY/ADMIN.	\$ 10,003,449	33%	\$ 12,100,656	33%	\$ 12,391,515	32%
COMMISSION TOTAL	\$ 30,175,983		\$ 36,850,000		\$ 38,516,000	

TABLE 5B: COMMISSION BUDGET BY PROGRAM COSTS										
FY 1998-2000										
PROGRAM	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS			
	FY 1998	FY 1999	FY 2000	FY 1998	FY 1999	FY 2000	FY 1998	FY 1999	FY 2000	
PROMOTE DISCLOSURE	\$ 5,657,947	\$ 6,051,361	\$ 6,402,793	\$ 1,143,802	\$ 1,385,684	\$ 1,296,010	\$ 6,801,449	\$ 7,437,044	\$ 7,698,803	
OBTAIN COMPLIANCE	\$ 5,872,559	\$ 7,991,714	\$ 8,227,781	\$ 1,237,134	\$ 2,030,191	\$ 1,512,652	\$ 7,209,693	\$ 10,021,905	\$ 9,740,840	
PUBLIC FINANCING	\$ 2,483,712	\$ 1,874,050	\$ 2,901,478	\$ 231,258	\$ 329,699	\$ 309,565	\$ 2,694,970	\$ 2,203,749	\$ 3,211,043	
ELECTIONS ADMIN.	\$ 398,716	\$ 424,000	\$ 440,500	\$ 131,791	\$ 260,146	\$ 187,000	\$ 530,507	\$ 684,146	\$ 607,500	
IT/EF PROJECTS	\$ 612,423	\$ 568,000	\$ 600,000	\$ 2,323,492	\$ 3,814,500	\$ 4,298,500	\$ 2,835,915	\$ 4,402,500	\$ 4,866,500	
COMM. POLICY/ADMIN.	\$ 5,490,160	\$ 6,478,376	\$ 7,305,449	\$ 4,513,259	\$ 5,622,280	\$ 5,090,068	\$ 10,003,449	\$ 12,100,656	\$ 12,391,515	
COMMISSION TOTAL	\$ 20,595,216	\$ 23,467,500	\$ 25,878,000	\$ 9,580,767	\$ 13,442,500	\$ 12,838,000	\$ 30,175,983	\$ 36,850,000	\$ 38,516,000	

TABLE 5C: COMMISSION BUDGET BY PROGRAM FTE						
FY 1998-2000						
PROGRAM	FY 1998		FY 1999		FY 2000	
	FTE	FEC %	FTE	FEC %	FTE	FEC %
PROMOTE DISCLOSURE	100.5	33%	106.0	31%	107.5	30%
OBTAIN COMPLIANCE	78.9	26%	109.4	32%	109.4	31%
PUBLIC FINANCING	34.3	11%	26.1	8%	42.6	12%
ELECTIONS ADMIN.	4.8	2%	5.0	1%	5.0	1%
IT/EF PROJECTS	10.0	3%	8.5	3%	8.5	2%
COMM. POLICY/ADMIN.	74.2	25%	82.0	24%	83.5	23%
COMMISSION TOTAL	302.7		337.0		356.5	

Program I: Disclosure (Core Program)

Objectives

With regard to the Disclosure Program, the Federal Election Commission seeks to:

- Review and process the financial reports (filed by political committees)—and the data taken from those reports—accurately and timely.
- Make the reports and data readily accessible to the public, the media and the regulated community.
- Educate the public, the media and the regulated community about the legal requirements pertaining to disclosure, contributions limits and prohibitions, and the public financing of Presidential elections—the core elements of the Federal Election Campaign Finance Law.

Goals

For each of the objectives described above, the Commission will try to achieve the goals listed below.

Review and Processing of Reports

To achieve the accurate and timely review and processing of all reports, the Commission will:

- Facilitate the electronic filing of reports by committees that voluntarily choose to file reports by modem, diskette or Internet.
- Continue to meet the 48-hour deadline for placing reports (filed by political committees) on the public record.
- Review all reports filed.
- Review 60 percent of reports within 90 days of receipt at the FEC.
- Attempt to have filers voluntarily correct the public record (i.e., the reports placed on the public record) by sending them, when appropriate, requests for additional information (RFAs).
- Code and enter into the FEC's database the information contained in 95 percent of reports within 45 days of receipt at the FEC. (For the 1998 cycle to date, 95% of all reports have been entered within 26 days of receipt at the Commission).

Public Disclosure and Dissemination of Campaign Finance Data

To ensure that the campaign finance data are widely distributed, the FEC will:

- Provide the public with Internet access to its disclosure database and digital images of the reports themselves (except those of Senate candidates).
- Operate a store-front Public Records Office where reports and data are available in paper, microfilm and digital images (scanned from original reports) and where the public can access the disclosure data base.
- Operate a Press Office to assist the media in the wide disclosure and dissemination of campaign finance data.

- Compile and release comprehensive statistical information, based on the reports filed by political committees (e.g., the Internet and news releases).

Education About the Law

To ensure that the public, the media and the campaign community fully understand the federal election law, and that information about the law is readily available, the FEC will:

- Operate an 800 telephone line and maintain a well-informed staff to answer phone inquiries about the FEC and federal election law.
- Produce educational and information brochures and booklets to supplement the FEC's Annual Reports.
- Make FEC publications available to the public through the FEC's Website, an automated fax service and the U.S. mail.
- Conduct technical workshops on the law throughout the country.
- Provide policy guidance through the timely release of Advisory Opinions.
- Review and revise FEC regulations to clarify federal election law.

Summary

The resources needed to meet the objectives and goals of the Disclosure Program in FY 2000 are summarized in Tables 6A and 6B.

TABLE 6A: DISCLOSURE PROGRAM COSTS									
FY 1998-2000									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 1998	FY 1999	FY 2000	FY 1998	FY 1999	FY 2000	FY 1998	FY 1999	FY 2000
PUBLIC DISCLOSURE	\$ 887,712	\$ 854,500	\$ 981,000	\$ 218,380	\$ 193,814	\$ 188,000	\$ 1,106,092	\$ 1,048,314	\$ 1,169,000
DATA SYSTEMS	\$ 896,151	\$ 1,156,410	\$ 1,214,308	\$ 847,233	\$ 752,800	\$ 982,178	\$ 1,743,384	\$ 1,909,214	\$ 2,196,178
INFORMATION	\$ 755,181	\$ 786,000	\$ 850,000	\$ 228,840	\$ 285,500	\$ 277,000	\$ 984,021	\$ 1,071,500	\$ 1,127,000
PRESS OFFICE	\$ 362,519	\$ 405,000	\$ 425,000	\$ 54,480	\$ 40,000	\$ 47,500	\$ 416,999	\$ 445,000	\$ 472,500
OGC POLICY/REGS/AO'S	\$ 1,213,087	\$ 1,280,522	\$ 1,349,383	\$ 83,250	\$ 180,170	\$ 77,835	\$ 1,296,337	\$ 1,460,692	\$ 1,427,218
REPORTS ANALYSIS	\$ 1,713,037	\$ 1,784,829	\$ 1,802,542	\$ 11,808	\$ 13,500	\$ 12,500	\$ 1,724,845	\$ 1,798,329	\$ 1,815,042
PROGRAM TOTAL	\$ 5,657,847	\$ 6,091,261	\$ 6,402,783	\$ 1,143,802	\$ 1,365,884	\$ 1,298,010	\$ 6,801,649	\$ 7,457,145	\$ 7,700,793
COMMISSION PERCENT	27%	26%	25%	12%	10%	10%	23%	20%	20%

TABLE 6B: DISCLOSURE PROGRAM FTE						
FY 1998-2000						
OFFICE/DIVISION	FY 1998		FY 1999		FY 2000	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
PUBLIC DISCLOSURE	13.5	100%	14.0	100%	14.0	100%
DATA SYSTEMS	16.5	55%	20.0	52%	20.0	51%
INFORMATION	12.2	100%	12.5	100%	13.0	100%
PRESS OFFICE	4.7	100%	5.0	100%	5.0	100%
OGC POLICY/REGS/AO'S	15.5	16%	17.0	15%	17.0	13%
REPORTS ANALYSIS	38.1	94%	37.5	89%	38.5	92%
PROGRAM TOTAL	100.5		106.0		107.5	
COMMISSION PERCENT	33%		31%		30%	

Program II: Compliance (Core Program)

Objectives

The FEC's compliance program is premised on the belief that the Commission's first responsibility is to try to foster a willingness, on the part of the regulated community, to voluntarily comply with the law's reporting requirements, fundraising restrictions and public funding statutes. The Commission encourages this willingness through education (described under the Disclosure Program, p. 13). To buttress its educational efforts, the Commission carries out a credible Compliance Program whose objectives are:

- Conducting desk audits of every report;
- Auditing those committees whose reports fail to meet threshold requirements for substantial compliance with the FECA; and
- Enforcing the law, in a timely and fair way, against persons who violate the law.

Goals

For each of these objectives, the Commission defines the specific goals listed below.

Desk Audits

The Commission will:

- Conduct a desk audit of every report, the primary purpose of which is to encourage the regulated community to clarify the public record (i.e., the reports that have been placed on the public record) in those instances where information is inaccurate or incomplete.
- Refer nonfilers and late filers for enforcement action (by OGC) when necessary.
- Refer those filers who fail to comply with the FECA's disclosure requirements or contribution limitations or restrictions—and who fail to voluntarily correct their reports—for an audit and/or enforcement action, if necessary.

Audits

In those cases where reports indicate that committees have failed to meet the threshold requirements for substantial compliance with the FECA—and have failed to voluntarily correct errors or omissions on their reports—the Commission will conduct about 30 audits for the 2000 election cycle, pursuant to 2 U.S.C. §438(b).

Enforcement¹⁵

Because the bulk of the Commission's caseload arises from complaints filed by parties outside the agency, the total caseload figure is not effected by the number of FTE. Instead, as illustrated in the below projections, the number of FTE affects the proportion of the total caseload that can be handled substantively, as well as the proportion of the caseload that is active vs. inactive. **Note:** where appropriate, the projections below include two alternative scenarios—one is based on an assumption that the caseload will

¹⁵ For a more detailed explanation of the FEC's enforcement program, see Appendix A.

continue to include the major 1996 election cycle cases, and that significant resources will continue to be focused on those cases. The other scenario assumes a caseload without the major 1996 cycle cases.

To reach the objective of enforcing the law in a timely and fair way, the Commission will:

- If there are no major 1996 cycle cases still pending, maintain a monthly average active caseload of 47 percent. If the major 1996 cycle cases are still pending, the average active monthly caseload is estimated to be 37 percent, based on the premise that significant staff resources will be assigned to these major cases which are very complex.
- Close an estimated 225 cases. If there are no major 1996 cycle cases still pending, the Commission will close 52.5 percent of those cases through substantive Commission action. (This figure represents cases in which the Commission has reached a substantive finding on the merits of the matter (other than dismissal), including findings of "no reason to believe the FECA has been violated.")¹⁶ If the major 1996 cycle cases are still pending, the Commission will close 42.5 percent of those cases through substantive Commission action, based on the premise that significant staff resources will be assigned to those major cases.
- Initiate from 12 to 15 civil actions under 2 U.S.C. 437g(a)(b).
- Maintain the Enforcement Priority System (EPS),¹⁷ a system through which the Commission identifies and assigns the more significant enforcement cases to staff, disposes of the less significant cases rapidly, and manages limited staff resources.
- Conclude some or all of the major cases involving complex legal issues¹⁸—including those remaining from earlier election cycles (1996 and 1998) and those stemming from the 2000 cycle.

The increasingly complex issues of law and fact, as well as the rising number of respondents in the Commission's cases, prompts the need for additional enforcement staff.¹⁹ The requested level of 121 FTE in OGC will result in a 7 to 9 percent increase (depending on the make up of the caseload) in the percentage of active cases, and a 3 to 5 percent increase in the number of cases substantively closed. It will also result in an increase in both offensive and defensive suits possible from FY 1999 levels.

¹⁶ There is a significant difference between "dismissal" and a finding of "no reason to believe" the law has been violated. A finding of "no reason to believe" reflects affirmative Commission action based on its consideration of the merits of the particular matter. A dismissal, on the other hand, usually reflects action by the Commission based on an application of the Enforcement Priority System criteria to a particular case to determine whether the case merits the use of the Commission's limited resources.

¹⁷ Under EPS, OGC evaluates enforcement cases based on carefully crafted, Commission-approved criteria to determine the relative significance of the allegations. EPS is a tool to match the seriousness of a particular case to the resources available to undertake an investigation of the matter.

¹⁸ Examples of complex legal issues include possible "soft money" abuse, claims of improper coordination or issue advocacy, and alleged laundered and/or foreign contributions.

¹⁹ For a more detailed explanation of the Commission's enforcement program, see Appendix A.

Summary

The resources needed to meet the objectives and goals of the Compliance Program in FY 2000 are summarized in Tables 7A and 7B. (Just for comparison, Appendix A discusses what would be accomplished in FY 2000 if the OGC staff were increased further from 121 FTE to 130 FTE, the level that the Commission previously requested in FY 1998 and FY 1999.)

TABLE 7A: COMPLIANCE PROGRAM COSTS									
FY 1998-2000									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 1998	FY 1999	FY 2000	FY 1998	FY 1999	FY 2000	FY 1998	FY 1999	FY 2000
REPORTS ANALYSIS	\$ 116,800	\$ 211,071	\$ 172,859	\$ 14,833	\$ 15,000	\$ 22,000	\$ 131,633	\$ 226,071	\$ 194,859
DATA SYSTEMS	\$ 46,994	\$ 109,859	\$ 115,304	\$ 248,032	\$ 319,500	\$ 314,025	\$ 295,045	\$ 429,359	\$ 429,309
AUDIT	\$ 643,345	\$ 1,535,090	\$ 1,252,183	\$ 17,338	\$ 90,863	\$ 64,330	\$ 660,683	\$ 1,625,953	\$ 1,316,513
OGC ENFORCEMENT	\$ 3,638,200	\$ 4,289,987	\$ 4,892,250	\$ 240,750	\$ 532,328	\$ 277,000	\$ 3,878,950	\$ 4,822,315	\$ 5,169,250
OGC LITIGATION	\$ 1,314,800	\$ 1,519,281	\$ 1,746,273	\$ 80,232	\$ 184,435	\$ 190,727	\$ 1,405,040	\$ 1,703,716	\$ 1,936,999
OGC PFESP	\$ 211,308	\$ 227,739	\$ 158,752	\$ 14,502	\$ 28,283	\$ 8,157	\$ 225,810	\$ 256,024	\$ 166,909
LSI DOCUMENT IMAGING				\$ 601,728	\$ 850,000	\$ 725,000	\$ 601,728	\$ 850,000	\$ 725,000
PROGRAM TOTAL	\$ 5,972,559	\$ 7,951,714	\$ 8,227,781	\$ 1,237,134	\$ 2,030,181	\$ 1,512,859	\$ 7,209,693	\$ 10,021,905	\$ 9,740,640
COMMISSION PERCENT	29%	34%	32%	13%	19%	12%	24%	27%	25%

TABLE 7B: COMPLIANCE PROGRAM FTE						
FY 1998-2000						
OFFICE/DIVISION	FY 1998		FY 1999		FY 2000	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
REPORTS ANALYSIS	2.6	6%	4.5	11%	3.5	8%
DATA SYSTEMS	1.0	3%	1.9	5%	1.9	5%
AUDIT	9.3	29%	25.5	69%	19.5	43%
OGC ENFORCEMENT	46.5	47%	55.5	49%	60.5	47%
OGC LITIGATION	16.8	17%	19.5	17%	22.0	17%
OGC PFESP	2.7	3%	2.5	2%	2.0	2%
LSI DOCUMENT IMAGING						
PROGRAM TOTAL	78.9		109.4		109.4	
COMMISSION PERCENT	26%		32%		31%	

Program III: Public Financing (Core Program)

Objectives

Under the Public Financing Program, the Commission seeks to:

- Certify the eligibility of Presidential candidates and committees for federal payments in a timely and accurate fashion.
- Help ensure that U.S. Treasury payments to certified committees are made accurately and on time.
- Promote public trust that all public monies are accounted for and expended in compliance with the FECA.

Goals

To reach the objectives described above, the Commission will:

- Complete all public funding audits within two years of the 2000 Presidential general election.
- Successfully resolve all enforcement cases within the statutory time limits.
- Process the certifications quickly and accurately. (The bulk of these will be completed by the end of FY 2000.)

As noted above, p. 7, three additional auditors are needed in FY 2000 to conduct audits of Presidential committees who receive public funds. The addition will allow the Commission to meet its goal of completing the audits within two years after the 2000 elections.

Summary

For FY 2000, the resources needed to implement the public financing program in the 2000 election cycle are summarized in Table 8A and 8B.

TABLE 8A: PUBLIC FINANCING PROGRAM COSTS									
FY 1998-2000									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 1998	FY 1999	FY 2000	FY 1998	FY 1999	FY 2000	FY 1998	FY 1999	FY 2000
AUDIT	\$ 1,591,077	\$ 774,804	\$ 1,611,317	\$ 42,870	\$ 45,788	\$ 64,150	\$ 1,633,956	\$ 820,591	\$ 1,675,467
DATA SYSTEMS	\$ 11,748	\$ 150,333	\$ 218,585	\$ 129,200	\$ 180,140	\$ 183,805	\$ 141,047	\$ 319,473	\$ 382,180
OGC PFESP	\$ 850,885	\$ 948,913	\$ 1,071,576	\$ 56,061	\$ 117,772	\$ 61,810	\$ 916,967	\$ 1,066,685	\$ 1,133,386
PROGRAM TOTAL	\$ 2,453,712	\$ 1,874,050	\$ 2,901,478	\$ 231,250	\$ 329,699	\$ 309,565	\$ 2,684,970	\$ 2,203,749	\$ 3,211,043
COMMISSION PERCENT	12%	8%	11%	2%	2%	2%	8%	6%	8%

TABLE 8B: PUBLIC FINANCING PROGRAM FTE						
FY 1998-2000						
OFFICE/DIVISION	FY 1998		FY 1999		FY 2000	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
AUDIT	23.0	71%	11.5	31%	25.5	57%
DATA SYSTEMS	0.3	1%	2.6	7%	3.6	9%
OGC PFESP	11.0	11%	12.0	11%	13.5	10%
PROGRAM TOTAL	34.3		26.1		42.6	
COMMISSION PERCENT	11%		8%		12%	

Program IV: Election Administration (Core Program)

Objectives

Through the FEC's Office of Election Administration, the agency will:

- Carry out its statutory responsibilities under the National Voter Registration Act (NVRA) to help improve the national level of voter registration.

- Help ensure that state and local election officials receive informational and educational assistance in administering federal elections in an efficient and effective manner.
- Foster public confidence in the fairness and reliability of the polling process in federal elections.

Goals

To realize the objectives described above, through the FEC's Office of Election Administration, the Commission will:

- Grant and oversee research contracts on issues of concern to election administrators.
- Assist state election officials in implementing the NVRA, collect data on the impact of that law on election administration, and report to Congress thereon by June 30, 2000.
- Serve as an on-call resource to election officials with immediate needs for technical and legal information.
- Help state and local election officials adapt to changing technology and legal requirements.
- Update the Voting Systems Standards, originally issued in 1990; revision initiated in FY 1999, will be funded in FY 2000 if money becomes available.
- Prepare an administrative model to assist local election administrators in organizing their offices (local election offices see a high rate of turnover in most elections).

Summary

Resources needed to reach these goals in FY 2000 are summarized in Table 9A and 9B.

TABLE 9A: ELECTIONS ADMINISTRATION PROGRAM COSTS									
FY 1998-2000									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 1998	FY 1999	FY 2000	FY 1998	FY 1999	FY 2000	FY 1998	FY 1999	FY 2000
ELECTIONS ADMIN.	\$ 396,718	\$ 424,000	\$ 440,500	\$ 131,791	\$ 280,148	\$ 187,000	\$ 530,507	\$ 684,148	\$ 607,500
PROGRAM TOTAL	\$ 396,718	\$ 424,000	\$ 440,500	\$ 131,791	\$ 280,148	\$ 187,000	\$ 530,507	\$ 684,148	\$ 607,500
COMMISSION PERCENT	2%	2%	2%	1%	2%	1%	2%	2%	2%

TABLE 9B: ELECTIONS ADMINISTRATION PROGRAM FTE						
FY 1998-2000						
OFFICE/DIVISION	FY 1998		FY 1999		FY 2000	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
ELECTIONS ADMIN.	4.8	100%	5.0	100%	5.0	100%
PROGRAM TOTAL	4.8		5.0		5.0	
COMMISSION PERCENT	2%		1%		1%	

Program V: IT and Electronic Filing Projects (Management Program)

For FY 2000, the Commission will allocate \$4.9 million of its FY 2000 budget request to fund enhanced IT initiatives and the electronic filing program. This amount, which is provided for in the FEC's IT Strategic Plan,²⁰ represents an increase of \$464,000 (\$452,000 in non-personnel and \$12,000 in personnel) over the funding identified in the FY 1999 appropriation for IT initiatives.

Internal IT Enhancements

Under the Current Budget Request, the agency will fund IT initiatives in the following four areas:

- Computer Security
- World Wide Web
- Document Management
- Client/Server Development and Conversion

Computer Security

Under the FY 2000 budget, the agency will contract with one or more vendors to review and, if necessary, further develop the security protecting the agency's computer operations. As these operations expand through the World Wide Web, the Commission must be vigilant about ensuring the integrity of the data.

World Wide Web

In FY 2000 the Commission will contract with one or more vendors to review and upgrade its web site. The agency's current web site comprises two parts: a static part and an interactive part. In the static part, the agency posts its publications, documents, press releases and other announcements. The interactive part permits all users to select and view images of financial reports filed with the FEC, and it allows the public to search a database consisting of information filed by political committees. For example, with the interactive inquiry system, initiated in FY 1998, anyone with a computer and modem can identify contributions to specific candidates by the name of the contributor and the date and amount of the contribution.

Under the FY 2000 initiative, the agency will seek to make the site more user friendly in terms of its convenience, scope and depth.

Document Management

Document management involves several components:

- Imaging those documents which have not been transmitted electronically (i.e., legal documents submitted to the FEC)
- Organizing and storing documents (i.e., integrating internal electronic documents with images of other material)
- Reviewing documents and developing search and retrieval methods for all materials

²⁰ The FEC's IT Strategic Plan ("Computerization Strategies and Performance Plan") is a running five-year plan, reviewed and updated annually.

The process involves scanning images of documents into the computer and then organizing the imaged documents so they can be easily retrieved and reviewed

Client/Server Strategy, Development and Data Conversion

For many years, the Commission relied on a terminal-based computer system. Under this system, one central location served as the site where all data was stored and where all processing occurred. Beginning in 1995, the Commission initiated the first steps to migrate from this terminal-based system to a new Client/Server environment.

In FY 2000 the Commission will develop a strategy for completing the transition from the terminal-based software to the new Client/Server-based system. It will also begin to convert the data from the older system to the new. This process involves conversion of several million data records, along with thousands of programs used to retrieve and display information contained in the Commission's data bases.

Electronic Filing

Progress to Date

By the start of 1998, the Commission's full electronic filing system was in place. (Under current law, electronic filing is optional—not mandatory—for any political committee, other than Senate committees and the national parties' Senate campaign committees²¹).

More precisely, the agency:

- Defined the structure of the program.
- Defined the mechanisms by which committees could electronically file their reports: by diskette, by modem and through the Internet.
- Established the infrastructure to both receive and validate the reports filed.
- Implemented a system for automatically placing the electronic data:
 - * In the Commission's database and
 - * In an image format resembling an FEC form so that individuals, using a computer, can read simulated pages of reports.

Roll Out

During FY 1999, the agency is "rolling out" this program, that is, it is developing incentives to encourage committees to file their reports electronically. Although the option of electronic filing will remain a voluntary decision under existing law, the system could handle all filers. Creating these incentives will involve a series of steps, including:

- Analyzing the strengths and weaknesses of the early stages of the electronic filing program;
- Evaluating and modifying the software developed by the Commission;
- Evaluating and expanding the Commission's program for training committees in the use of the software;

²¹ Senate committees and the national parties' Senate campaign committees are required by law to file their reports with the Secretary of the Senate. Consequently, these committees are unable to participate at this time in the FEC's electronic filing program.

- Evaluating and modifying methods for educating the filing community about electronic filing; and
- Working with private software companies to integrate electronic filing features into their commercial products.

Development of new processes to improve internal document flow in this new "electronic filing" environment will continue in FY 2000. This will enable internal FEC users to integrate electronic filings into processes such as reports review, audits, and enforcement. Spending on this initiative during FY 2000 also includes funds for on-going operation and maintenance of the electronic filing system during the 2000 election cycle.

Data Input

Although the option of electronic filing will remain a voluntary decision under existing law, the full system will be capable of handling all filers. For those committees that file electronically, the process of transferring the data into the disclosure database is automatic. Until there is mandatory electronic filing, however, the Commission will continue to manually input the data taken from reports filed by committees that choose not to file electronically. Although this is a slower process than electronic filing, the Commission has succeeded in shrinking time frames for coding and entry and in keeping costs low. ...

Cure for Year 2000 "Bug"

By March 1999, and in compliance with government-wide requirements, the FEC will implement converted software to accommodate the "year 2000 millennium bug." This means that in the year 2000 FEC staff will be able to handle FEC computer processes, and both the public and the staff will be able to access the FEC's database of campaign finance information, without incident.

Past Initiatives

The Commission has been working on electronic filing and a series of other IT enhancements since 1995. It is already clear that these initiatives have benefited the American taxpayer by significantly improving the FEC's disclosure services while holding to a minimum the need for additional staff to provide these services.

Response to Growing Demand for Information

Enhanced computer technology has enabled the FEC to respond to a growing demand for information—and to deliver the information faster—without adding staff for this purpose. Through the Commission's automated fax system and the Internet, the public can now access FEC forms, publications and campaign finance data instantaneously.

Larger Audience Using Data

Additionally, the new technology has broadened the audience for existing services. In the past, for example, a limited community of campaign finance specialists accessed the FEC's database through the Direct Access Program (DAP), a fee-for-service program.²² Now the agency has made it possible for these same experts—and the public as a whole—to access the data on the Internet, at no cost to the individual user. The increased access to the data was made possible through the Commission's enhanced images on the World Wide Web program (see Point of Entry Completed, below).

Point of Entry Completed

The Commission successfully completed its Point of Entry initiative in 1998. Under this program, all political committees (except Senate committees and the national parties' Senate campaign committees²³) file their reports with the Commission (either on paper or electronically). The Commission then scans the documents to make images that are available for review on FEC computers and on the World Wide Web.

Lower Costs

Finally, the agency successfully contracted for some of its IT initiatives at a lower cost than initially anticipated. The design of the electronic filing system came in under budget. Similarly, the cost of making images of reports available to the public through the FEC Website was nearly 37 percent lower than the amount Congress appropriated for the initiative.

Summary: Electronic Filing and IT Enhancements

The total request for IT enhancements and electronic filing in FY 2000 is \$4.9 million. Tables 10A and 10B summarize the costs contained in the FY 2000 budget.

TABLE 10A: COMPUTERIZATION INITIATIVES COSTS									
FY 1998-2000									
OFFICE/DIVISION	PERSONNEL COSTS			NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 1998	FY 1999	FY 2000	FY 1998	FY 1999	FY 2000	FY 1998	FY 1999	FY 2000
DAP ENHANCEMENTS	\$ 422,945	\$ 367,900	\$ 378,000	\$ 1,306,415	\$ 1,842,500	\$ 2,990,000	\$ 1,810,360	\$ 2,209,500	\$ 3,378,000
ELECTRONIC FILING	\$ 41,120	\$ 142,500	\$ 147,000	\$ 492,762	\$ 1,781,500	\$ 1,105,000	\$ 533,882	\$ 1,824,000	\$ 1,252,000
PT. OF ENTRY/INTERNET	\$ 148,350	\$ 78,500	\$ 75,000	\$ 434,293	\$ 190,500	\$ 183,500	\$ 562,644	\$ 269,000	\$ 235,500
PROGRAM TOTAL	\$ 612,423	\$ 588,900	\$ 600,000	\$ 2,323,472	\$ 3,814,500	\$ 4,280,500	\$ 2,905,915	\$ 4,402,500	\$ 4,865,500
COMMISSION PERCENT	3%	3%	2%	24%	28%	34%	10%	12%	13%

²² While used primarily by the campaign finance community, the Direct Access Program has always been available to the public.

²³ Senate committees and the national parties' Senate campaign committees are required by law to file their reports with the Secretary of the Senate. Consequently, these committees are unable to participate at this time in the FEC's electronic filing program.

TABLE 10B: COMPUTERIZATION INITIATIVES FTE
FY 1998-2000

	FY 1998		FY 1999		FY 2000	
PROJECT	FTE	PROJ. %	FTE	PROJ. %	FTE	PROJ. %
IT ENHANCEMENTS	7.2	72%	5.0	59%	5.0	59%
ELECTRONIC FILING	0.7	7%	2.5	29%	2.5	29%
PT. OF ENTRY/INTERNET	2.1	21%	1.0	12%	1.0	12%
PROGRAM TOTAL	10.0		8.5		8.5	
COMMISSION PERCENT	3%		3%		2%	

Program VI: Commission Policy and Administration (Management Program)

Tables 11A and 11B depict the costs and corresponding FTE for central policy guidance, management and staff support for all Commission operations that do not otherwise fit under the previously identified programs. Besides the offices of the six Commissioners and the Secretariat, this budget category includes all basic administrative overhead, such as rent, phones, postage, etc., and support functions, such as management, budget, accounting and personnel. Direct support costs for program-related items, such as travel, training, printing, etc., are allocated to specific Commission objectives and programs.

TABLE 11A: COMMISSION POLICY AND ADMIN. PROGRAM COSTS
FY 1998-2000

OFFICE/DIVISION	PERSONNEL COSTS			FY 1996-2000 NON-PERSONNEL COSTS			TOTAL COSTS		
	FY 1996	FY 1999	FY 2000	FY 1996	FY 2000	FY 2000	FY 1996	FY 1999	FY 2000
COMMISSIONERS	\$ 1,628,130	\$ 2,012,500	\$ 2,230,500	\$ 26,803	\$ 38,729	\$ 32,000	\$ 1,657,033	\$ 2,081,229	\$ 2,262,500
STAFF DIRECTOR	\$ 1,297,746	\$ 1,194,500	\$ 1,455,000	\$ 1,761,750	\$ 150,584	\$ 137,500	\$ 1,532,494	\$ 1,572,084	\$ 1,892,500
ADMINISTRATIVE	\$ 1,950,817	\$ 1,184,200	\$ 1,258,500	\$ 428,655	\$ 521,457	\$ 479,100	\$ 5,381,872	\$ 6,485,057	\$ 6,807,500
OFFICE	\$ 273,529	\$ 317,500	\$ 317,500	\$ 10,594	\$ 10,594	\$ 10,594	\$ 29,454	\$ 32,500	\$ 32,500
DATA SYSTEMS	\$ 704,363	\$ 835,337	\$ 819,632	\$ 60,622	\$ 86,463	\$ 88,095	\$ 773,889	\$ 927,837	\$ 907,767
OGC GENERAL COUNSEL	\$ 469,874	\$ 453,478	\$ 478,258	\$ 32,328	\$ 58,530	\$ 27,471	\$ 501,801	\$ 512,000	\$ 505,727
TS/FRS/CASH AWARDS	\$ 250,000	\$ 680,000	\$ 680,000					\$ 250,000	\$ 680,000
	FY 1996 CASH	FY 2000 CASH							
	AWARDS ONLY	AWARDS AND TP							
PROGRAM TOTAL	\$ 5,490,100	\$ 4,473,376	\$ 5,065,419	\$ 4,913,289	\$ 6,522,280	\$ 5,088,000	\$ 10,093,448	\$ 12,100,650	\$ 12,361,518
COMMISSION PERCENT	27%	26%	27%	47%	62%	40%	33%	33%	32%

TABLE 11B: COMMISSION POLICY AND ADMIN. PROGRAM FTE						
FY 1998-2000						
OFFICE/DIVISION	FY 1998		FY 1999		FY 2000	
	FTE	DIV. %	FTE	DIV. %	FTE	DIV. %
COMMISSIONERS	15.2	100%	18.6	100%	20.0	100%
STAFF DIRECTOR	18.7	100%	19.4	100%	19.0	100%
ADMINISTRATIVE	18.5	100%	20.0	100%	21.0	100%
IG OFFICE	3.7	100%	4.0	100%	4.0	100%
DATA SYSTEMS	12.1	40%	14.0	36%	13.5	33%
OGC GENERAL COUNSEL	6.0	6%	6.0	5%	6.0	5%
TSP/FERS/CASH AWARDS	0.0		0.0		0.0	
PROGRAM TOTAL	74.2		82.0		83.5	
COMMISSION PERCENT	25%		24%		23%	

APPENDIX A: EXPLANATION OF THE FEC ENFORCEMENT PROGRAM

Two-Pronged Approach to Ensuring Compliance

The Federal Election Campaign Act (FECA) charges the FEC with the responsibility of administering and enforcing the three main provisions of the FECA:

- Disclosure of campaign finance information;
- Contribution limits and prohibitions; and
- Public financing of Presidential elections.

The Commission's approach to "enforcing the law" has been a two-pronged effort: education and compliance. The agency actively helps the regulated community understand the FECA and, at the same time, supports a credible program of compliance.

Four divisions at the Commission carry out the educational program. The Information Division explains the law to the regulated community through workshops, publications and a toll-free phone line. The Reports Analysis Division (RAD) instructs committees that call for assistance (often in response to an FEC letter requesting additional information). The Audit Division assigns a staff person to each Presidential campaign that qualifies for public funds; that person guides the new committee through the public funding procedures. Finally, the General Counsel's Office writes regulations to clarify the meaning of the law, and it drafts advisory opinions that, once approved by the Commissioners, respond to specific questions posed by individuals and committees.

As with any law enforcement program, however, education has little effect if it is not buttressed by credible enforcement.

Why Additional Enforcement Staff Are Needed

Enforcement is Labor Intensive

While computer technology²⁴ has provided invaluable support to agency investigations, timely and thorough investigations require significant human resources. Analyzing records, taking depositions, and drafting the reports, interrogatories, subpoenas, and briefs associated with these cases requires auditors, investigators and lawyers. As of October 1, 1998, 24 staff attorney FTE were handling 98 active cases.²⁵

²⁴ Past Congressional appropriations have enabled the Commission to contract with a commercial vendor through the Justice Department for document support and control services. The system enabled the Commission, for example, to image and enter into a database over 700,000 pages of documents involved in one case. These imaged records and document databases are maintained and available for research on an in-house, stand-alone, state-of-the-art computer system.

²⁵ There were 57 OGC staff (attorneys, paralegals, investigators, administrative and support personnel) assigned to enforcement in October 1, 1998. Of those 57 staff, 33 were attorneys; however, only 24 of those attorneys were staff attorneys who were assigned active cases. The other 9 attorneys held supervisory positions. For more information on the allocation of staff in the Office of General Counsel, among its several functions, see Table 12.

Our total caseload at that time was 195 cases involving 2,764 respondents living all over the country and abroad. By comparison, it is reported that the Department of Justice assigned some 125 staff in its investigation of possible criminal transgressions stemming just from the 1996 elections alone; and, according to the Secretary of the Senate, the Senate Committee on Governmental Affairs had a team of 54 staff investigating the 1996 elections.

TABLE 12: ALLOCATION OF OGC STAFF AMONG OGC FUNCTIONS							
FY 1998							
OGC STAFF	OGC FUNCTIONS						
	Total	Enforcement	PFESP*	Policy	Litigation	Other	
Attorneys	63	28	13	10	11	1	
Paralegals	18	10	4	2	2	0	
Investigators	2	2	0	0	0	0	
Ethics	1	0	1	0	0	0	
Library	2	0	0	0	0	2	
Secretaries	12	5	2	2	2	1	
Administrative	10	4	0	0	1	5	
Total	108	49	20	14	16	9	
*Public Financing, Ethics & Special Projects (PFESP): 40% of the work performed by the PFESP staff is dedicated to enforcement matters.							

Measuring Performance: the Activation Rate

A simple count of enforcement cases processed does not reflect the scale of the work required. The Commission has found the Activation Rate to be a more meaningful measure of performance. The following formula gives a percentage of active enforcement cases to all pending cases:

Monthly Average of Active Cases

Monthly Average of Total cases Pending

The higher the activation rate, the better, because the Commission is handling more of its cases substantively. If the total number of cases pending remains constant, the rate will be negatively affected by three factors:

- ◆ number of staff;
- ◆ increased number of respondents; and
- ◆ increasing legal complexity of cases.

In recent years, this has been the Commission's experience. Table 13 demonstrates, for example, that while the Commission had the same number of pending cases (319) in FY 1995 and FY 1997, the monthly average number of active cases declined from 145 to 102. This meant that the monthly average activation percent was 45 percent in FY 1995, while in FY 1997 (in the aftermath of the 1996 Presidential elections) the activation percent declined to 32 percent. The decrease can be explained primarily by a combination of a slight reduction in FTE in OGC, the increased number of respondents and the increasingly complex issues involved in the enforcement cases arising out of the 1996 elections.

TABLE 13: RATIO OF ACTIVE TO INACTIVE ENFORCEMENT CASES					
(AVERAGE MONTHLY RATIO FOR ENTIRE FISCAL YEAR)					
FISCAL YEAR	ACTIVE CASES		INACTIVE CASES		TOTAL CASES
	NUMBER	% OF TOTAL CASES	NUMBER	% OF TOTAL CASES	NUMBER
FISCAL YEAR 1995	145	45%	174	55%	319
FISCAL YEAR 1996	125	51%	122	49%	246
FISCAL YEAR 1997	102	32%	217	68%	319
FISCAL YEAR 1998	93	47%	103	53%	196
FISCAL YEAR 1999	106	51%	102	49%	208
FY 99 AS OF 1/31/99					

Number of Staff

The increase in FTE levels from FY 1998 to FY 1999 already is showing signs of improving the compliance program. The number of average active cases has moved up from 93 in FY 1998 to 106 thus far in FY 1999. See table 13.

Number of Respondents

Table 14 indicates that, in just the last two years, the average number of respondents per case has increased by almost 115 percent.

Over the last several years, the number of respondents in many of the Commission's cases has risen dramatically. By way of illustration, just five of the largest current cases in FY 1998 involved a total of 222 respondents.

TABLE 14: AVERAGE NUMBER OF RESPONDENTS IN PENDING ENFORCEMENT CASES				
FISCAL YEAR:	FY 95	FY 96	FY 97	FY 98
Monthly Average Number of Total Cases Pending	319	246	319	196
Monthly Average Number of Total Respondents in Pending Cases	1636	1230	2039	2100
Monthly Average Number of Respondents Per Pending Case	5.1	5.0	6.4	10.7

How does the number of respondents affect the Activation Rate? The increased number of respondents lowers the Activation Rate because more staff are required to handle fewer cases, and the impact of more respondents on the FEC's caseload is exponential. For every respondent in a matter, the Commission, in effect, pursues a separate case. Cases with more respondents thus mean more complex investigations,

with more documents, more depositions, and complex negotiations with more parties to attempt to bring the case as a whole to a successful conclusion.

Cases of Greater Legal Complexity

Many of the cases recently brought to the Commission involved legal issues of far greater complexity than before. The Commission is not just processing complaints involving late filers or candidates who fail to file 48-hour notices. The FEC now grapples with such complex legal matters as determining when improper coordination between a candidate and a labor union or corporation occurs, analyzing whether soft money is being used to fund contributions to federal candidates, defining what type of entity qualifies as a political committee, and determining when a person qualifies as a member of a membership association. These types of inquiries are staff intensive, causing the Activation Rate to decline unless additional staff are available to handle the additional work.

Impact of FY 2000 Request Level for Enforcement

The FEC's FY 2000 Budget Request contains only nine additional FTE for the compliance (six FTE) and public financing (three FTE) programs over FY 1999 levels. This is nine fewer than requested in the original FY 1998 and 1999 FEC submissions for those fiscal years. As a result of the lower staffing level, OGC estimates that 8 percent fewer cases would be activated and 6 percent fewer cases would be closed with substantive action in FY 2000 than if the Commission received funding for 365.5 FTE. The Commission's enforcement program as requested is therefore at a lower level than at a full 130 FTE for OGC in FY 2000, if nine additional FTE were allocated to the enforcement programs.

As noted above, the Commission's projections for case activation rates and substantive case closings versus dismissals are based on two alternative scenarios. One scenario assumes that the caseload will continue to include the major 1996 election cycle cases, and that significant resources will continue to be focused on those cases. The other scenario assumes a caseload without the major 1996 cycle cases. Under the second scenario, the activation rate and the number of cases closed through substantive Commission action can be increased because the remaining caseload would be less personnel intensive.

The Commission has attempted to limit its FY 2000 budget request to an increase in FTE supportable from funds allocated to one-time non-personnel items in FY 1999, when our FTE has been capped at 347 FTE, even with a \$36.5 million appropriation. As a result of this cap, some FY 1999 non-personnel funds can be converted to personnel costs in FY 2000, once inflation and COLA adjustments are made to the FY 1999 authorized staffing level of 347 FTE.

Significant changes in the "backlog" of compliance cases realistically will not be possible with a nine FTE increment. The requested increment is designed to ensure that the Commission deadline of two years from the general election for completion of audits of all federally funded presidential campaigns is met. It will, however, only allow for limited improvements in the enforcement programs.

Furthermore, the PWC audit noted that productivity increases in the disclosure programs can not be counted on to always cope with rising disclosure workloads arising from increased federal campaign finance activity. Absent some form of mandatory electronic filing, which will result in significant savings in Commission document processing and data capture costs, the FEC may be forced to request additional disclosure resources in FY 2001 and in the future.

Absent statutory changes, the Commission does not believe that the FEC has the authority to mandate electronic filings by all filers, nor by a large segment of the filing universe. Unless Congress amends the FECA to require some level of electronic filing, we do not anticipate significant savings in data processing from the current voluntary electronic filing program, although the Commission has embarked on efforts to entice voluntary electronic filings by more of the regulated community.

Therefore, as the PWC study stated, the FEC's disclosure program—a success as the audit noted—is threatened with being overwhelmed by rising levels of campaign finance activity and the resulting increased Commission workloads. The Commission's FY 2000 budget request is likely the last one in which no additional disclosure resources are requested, unless statutory changes are enacted to the filing provisions of the FECA.

**APPENDIX B:
FEDERAL ELECTION COMMISSION
FY 2000 PERFORMANCE PLAN
PURSUANT TO GPRA AND OMB A-11**

**Submitted to OMB/ Congress November, 1998
Revised February, 1999**

FY 2000 PERFORMANCE PLAN FEDERAL ELECTION COMMISSION PERFORMANCE MEASURES, GOALS AND TARGETS

PERFORMANCE MEASURES AND GOALS

The FEC Strategic Plan identifies performance goals by election cycle or other multi-year time frames. This FY 2000 Performance Plan relates these objectives, goals, and targets to FY 2000. The FY 2000 budget request is couched in terms of resource levels and tied to the four Commission general goals and objectives.

Our Strategic Plan noted the difficulty in developing true measures of performance for the FEC's mission. It is difficult to define and measure public faith in the political and campaign finance systems. It is also difficult to measure the impact of the FEC on the public's confidence in the political process. However, the Commission has developed a set of performance indicators which we believe will measure whether we are successful in achieving improved public confidence in the political process.

If we are successful in meeting our performance targets for timely review and processing of reports, if we meet our targets for resolving enforcement actions in a timely manner, and if we are successful in informing and educating the public about campaign finance, we believe this will help ensure the outcomes desired: public confidence in the Commission's ability to fairly and effectively apply campaign finance rules and to promote disclosure, thereby enabling the electorate to make informed choices in the electoral process.

PERFORMANCE LEVELS AND FUNDING/FTE

We have requested a FY 2000 budget of 356.5 FTE and \$38,516,000. This represents an agreement with OMB and is included in the President's FY 2000 Budget Request. The request represents a continuation of funding from FY 1999, enacted at \$36,500,000 and 347 FTE, as adjusted to cover inflation, federal COLAs, and the cost of implementing our Information Technology (IT), or ADP, Strategic Plan. To this "base" or continuing resources level, calculated to be \$37.5 million for 347.5 FTE in FY 2000, we have added a request for 9 additional staff in FY 2000. The additional staff would be allocated to the Public Financing and Compliance programs for audit, enforcement, litigation, and audit review activities in the Commission's Audit Division and Office of General Counsel (OGC).

The Commission calculated the cost of the President's FY 2000 mark (from the FY 1999 budget request outyears tables at \$37 million), adjusted for increased COLAs in FY 1999 and 2000, as funding 347.5 FTE at a cost of \$37.5 million. This reflected a "Minimal Performance Level" base budget for FY 2000 of 330.5 FTE, as supplemented by an additional 17 FTE to: process the public funding aspects of the 2000 presidential election (3 FTE), support existing IT programs (4 FTE), provide administrative support (1 FTE), and provide for an increase (9 FTE) to the compliance program. Originally based on a projected appropriation in FY 1999 of \$33.7 million for 330.5 FTE, then a projected \$35.4 million for 347.5 FTE in FY 1999, we adjusted this to \$37.5 million for 347.5 FTE in FY 2000. This is labeled our "Current Resources Performance Level."

Finally, the Commission determined to request a final 9 FTE increment for a FY 2000 budget request of \$38.5 million and 356.5 FTE: our FY 2000 Requested level. This request is itself 9 FTE short of the "Full Performance Requests" submitted in FY

1998 and FY 1999 to properly process the expected future enforcement workload, plus complete on-going work on the 1996 election cycle major cases. We believe that this FY 2000 request for \$38.5 million is a most reasonable funding request.

This submission indicates what the different performance level budgets will "buy" in terms of outcomes, as measured in workloads, service levels, and timeliness goals. In the final analysis, the ability of the Commission to successfully implement the FECA and meet our mission responsibilities flows from the levels of service we are capable of providing. This ultimately impacts on the ability of the Commission to assure the public that the campaign finance system is fairly enforced and fully disclosed.

Displayed below first for each objective and program are the results or predicted outcomes of the Minimal Performance Level of 330.5 FTE. For most programs, this is the only level requested. This is followed by the improvement possible with a Current Resources Performance Level at 347.5 FTE. Only the incremental changes in performance or timeliness are included in the Current Request Performance Level description; if unchanged from the Minimal Performance Level, the section is not reiterated. Next, the performance possible at the FEC Request Performance Level (356.5 FTE) is noted. The only programs which have performance indicated at the levels higher than minimal level are the Public Financing program (audits and certification of matching funds), the Compliance program (audits, enforcement, litigation, audit review), and the IT support programs.

Finally, the performance level possible at the Full Performance level of 365.5 FTE are identified. We did not request this level of funding, but the Performance Plan indicates what level of compliance would have been possible at this Full Performance level.

IMPACT OF INCREMENTAL REQUEST FOR 9 FTE

The final increment contained in the FY 2000 request represents a total of 9 FTE: 6 for enforcement and litigation activities and 3 for audit (public financing) activities.

Failure to receive the requested incremental increase of 6 FTE for the compliance program will adversely impact the enforcement process. Actions to resolve the significant cases remaining from 1996 and 1998, for example, could essentially absorb the majority of existing enforcement resources without the increment. This could reduce the average active caseload for other matters from the 1998 and 2000 cycles to below 30% of pending cases and result in too few cases resolved with substantive action and too many cases which otherwise merit Commission attention and action dismissed with no action whatsoever. Accurate and timely disclosure is diminished without the real expectation that laws and regulations will be enforced and that non-compliance with the FECA has real consequences.

The three FTE requested for Audit staff will enable the Commission to assure that all the 2000 cycle public funding audits are completed within two years of the 2000 general election, and still maintain a credible Title 2 audit program for non-presidential committees. The five temporaries in the base assure the timely processing of matching fund requests. This is a priority, as it is assumed that the open presidential primaries in both parties in the 2000 cycle will create the most expensive and competitive presidential elections since implementation of the public funding programs. Rapid turn around of certification requests will be crucial in the 2000 primaries, particularly if a shortfall in the public funds available limits the federal funds available for the 2000 primary elections.

A shortfall in the public funds available will most likely result in increased demands on the Commission's policy and legal review programs, as candidates seek to maximize limited federal funds in the highly competitive 2000 cycle. The FEC also anticipates increased compliance activity generated by the first presidential election since 1976 for which the public funding is not sufficient to cover the eligible costs of the presidential primary candidates (The 1996 cycle saw a limited shortfall in federal funds which was subsequently made whole; the projected 2000 shortfall will most likely not be made up).

In short, in certain crucial areas the performance targets and timeliness goals for both the 1998 and 2000 election cycles will be improved at the FEC Request Performance Level in FY 2000. The Minimal Performance Level would provide but a minimally acceptable level of Commission operations in what is likely to be a contentious presidential election cycle. Therefore, funding the Commission's full request of 356.5 FTE and \$38,580,000 for FY 2000 is vital. We note that it is about \$1 million and 9 FTE less than a Full Performance Request for FY 2000 would have cost.

FY 2000 PERFORMANCE PLAN

Program I: Disclosure

Objective: Promote Disclosure and Provide Information

To meet the desired outcome that the public can make informed choices in the electoral process due to full disclosure of the sources of candidates' funding for campaigns.

Minimal Performance Level (330.5 FTE)

- Meet 48 hour deadline for making reports available for public review of 99% of reports filed at FEC: process (scan, film, file, code and enter summary data) an estimated 70,000 reports and statements in FY 2000 (Public Disclosure/Data Systems)
- Code and enter itemized data from disclosure reports filed, 95% complete within 45 days from the date the reports are received at the FEC (estimated 40,000 reports and 1,000,000 transactions in FY 2000); reduce backlog of unprocessed 2000 cycle reports to less than 8,000 by the end of FY 2000 (Data Systems)
- Respond to 100% of requests for assistance from committees in filing reports within 72 hours; 11,500 estimated in FY 2000 (Reports Analysis)
- Review 60% of all quarterly reports filed within 90 days of receipt at Commission (75% within 120 days), complete 100% review of all reports filed, estimated 40,000 in FY 2000; reduce backlog of unreviewed 2000 cycle reports to less than 17,000, and less than 19,000 for all reports from all cycles by the end of FY 2000 (Reports Analysis)
- Review 100% of all statements received, estimated 12,000 in FY 2000 (Reports Analysis)
- Prepare RFAI's for 100% of all committees' reports reviewed which require them, 60% within 90 days of receipt at Commission, estimated 10,000 in FY 2000 (Reports Analysis)

- Respond to 100% of all requests for documents and data within 72 hours in Public Records, estimated at 45,000 in FY 2000; provide 50,000 printouts to requesters of indices (Public Disclosure)
- Respond to 100% of all press inquiries within 72 hours, and comply with statutory deadlines for 90% of all FOIA requests received; estimated 22,000 and 350 in FY 2000 (Press Office)
- Respond to 100% of requests for general information on FEC and FECA within 72 hours, 14 days for written requests, estimated at 70,000 calls and requests in FY 2000 (Information)
- Respond to 100% of requests for copies of forms, the FECA and Regulations, and Commission brochures and guidelines within 72 hours, estimated at 24,000 calls and requests in FY 2000 (Information)
- Notify all filers of upcoming reporting periods, and provide copies of forms as a pre-reporting notice; publish monthly **FEC Record** (Information)
- Publish statutorily required **Annual Report** in similar fashion to current comprehensive efforts, and publish the following:
 - FEC Disclosure Forms
 - FECA (the Act)
 - FEC Regulations and updates, 11 CFR
 - Campaign Guides
 - Brochures on Election Processes
 - Videos on Campaign Finance (Information)
- Enable Commission to meet statutory deadlines for issuance or conclude action on Advisory Opinions for 95% of all 60 and 20 day deadlines, estimated 50 in FY 2000, and meet 45-60 day target for AO reconsiderations, 15 days for deficient request notices (OGC)
- Maintain targets for completion of all rule-making petitions filed pursuant to 11 CFR Part 200, complete revisions to sections of Regulations in FY 2000 (OGC)
- Respond to all requests for legal assistance from FOIA Officer, and for all FOIA appeals, 95% within statutory deadlines, estimated 350 requests in FY 2000 (OGC)

Current Resources Performance Level (347.5 FTE)

- Same as Minimal Performance Level

FEC Request Performance Level (356.5 FTE)

- Same as Minimal Performance Level

FEC Full Performance Level (365.5 FTE)

- Same as Minimal Performance Level

Program II: Compliance**Objective: Obtain Compliance and Enforcement**

Outcomes desired are the perception by the regulated community that disclosure reports must be accurately and timely filed; that there are real consequences for non-compliance with the FECA; and that the FEC will impartially and speedily enforce the FECA.

Minimal Performance Level (330.5 FTE)

- Refer a total of 200 committees for potential 438(b) audits from the 2000 election cycle in FY 1999-2000, 180 in FY 1999 and the last 20 referrals in FY 2000 (RAD)
- Refer a total of 35 committees for potential enforcement actions in FY 2000; complete all enforcement referrals within the second FY of the election cycle (all of 2000 cycle by close of FY 2001) (RAD)
- Publish all committees who fail to file reports, referring the most egregious non-and/or late-filers for potential enforcement action, estimated 15-20 in FY 2000 (RAD)
- Complete a reduced number of 438(b) audits; initiate an estimated 25 total audits for the 2000 cycle; initiate all authorized committee audits within six months of the election (Audit)
- Maintain a system to identify and assign the more significant enforcement cases, more rapidly dispose of less significant cases, and manage limited staff resources: the Enforcement Priority System or EPS (OGC)
- Performance targets under the EPS include (all estimates assume that significant, major cases from the 1996 and 1998 cycles remain open and active during the 2000 cycle):
 - Process and close 225 cases in FY 2000, 30% with substantive Commission action (This represents cases in which the Commission has reached a substantive finding on the merits of the matter (other than dismissal), including findings of no RTB)
 - Assuming a monthly average total caseload of 275 to 290 cases during FY 2000, maintain a monthly average ratio of 30% active to 70% inactive cases (OGC)
- Complete review of 438(b) audit reports within 6-8 weeks on average; complete routine matters in two weeks; perform an estimated 10-15 audit reviews in FY 2000 (OGC)

- Respond to RAD requests for review of debt settlement plans and administrative terminations within 10 days, complete review of complex debt settlement plans within 60 days; estimated 40 debt settlements and 500 administrative terminations in FY 2000 (OGC)

- File all litigation pleadings in district court for offensive litigation within 90 days of Commission determination to file suit, and meet all other time limits for briefs and other pleadings imposed by the rule or order of the courts; estimated 10-15 defensive suits initiated in FY 2000 (OGC)

- Make at least one attempt to initiate settlement prior to commencement of suit for each case early enough to permit consideration by Commission of any settlement proposal prior to target date of initiation of suit; initiate 5 to 8 offensive litigation suits in FY 2000

- Ensure that all pleadings and briefs represent the Commission's positions persuasively, by reporting on status of each active litigation case once a month, and by maintaining a system to obtain satisfaction of all judgments imposing civil penalties (OGC)

Current Resources Performance Level (347.5 FTE)

- Same as Minimal Performance Level, except for following improvements:

- Permits OGC to improve its monthly average active case ratio to 35%, and to improve to a rate of 40% of the cases closed with substantive action

- Permits OGC to continue to effectively process in timely manner 4-5 major cases from pre-2000 election cycles

- Increases to 10 the number of offensive suits that can be initiated (OGC)

FEC Request Performance Level (356.5 FTE)

- Same as Current Resources Performance Level, except for following improvements:

- Permits OGC to maintain a monthly average active case ratio of 37%, and to increase cases closed with substantive action to a rate of 42.5% of the cases closed

- Increases to 12-15 the number of offensive suits that can be initiated (OGC)

FEC Full Performance Level (365.5 FTE)

- Same as FEC Request Performance Level, except for following improvements:

- Permits OGC to improve its monthly average active case ratio to 45%, and to increase cases closed with substantive action to a rate of 48% of the cases closed
- Increases to 15 the number of offensive suits that can be initiated (OGC)

Program III: Public Financing

Objective: Administer Public Financing

Desired outcomes are that the public funding program is implemented so that the availability of federal funds does not become an issue in the campaign; so that qualified presidential candidates receive entitled funds expeditiously; so that public monies are correctly spent on qualified campaign expenditures and are fully accounted for; and so that the public is assured that the FECA has been impartially enforced in a timely manner.

Minimal Performance Level (330.5 FTE)

- With 5 temporary FTE in Audit, allows timely processing of matching fund requests for the 2000 election from January 1999 to December of 2000; five temporary employees facilitate ability for monthly processing. (This is similar to temporary assistance utilized in prior election cycles. Assistance of auditors on loan from GAO was terminated in the 1996 cycle.) (Audit)
- With goal of completing all Title 26 audits within two years of the general election, initiate 2000 cycle audits of 15-17 primary candidates, at least four convention committees (two per major party), and three general election audits (Audit)
- Produce report to Congress on the 2000 matching fund process within 2-1/2 years of 2000 general election (Audit)
- Complete legal reviews of all 2000 presidential audits within two years of 2000 election (December 2002) (OGC)
- Complete all repayment matters for 2000 cycle committees receiving public funds within three years of general election (by December 2003) (OGC)
- Complete audit legal review comments within 8 weeks of completion of preliminary Title 26 audits for 2000 cycle (OGC)
- Report on enforcement matters arising out of Title 26 audits and presidential campaigns to Commission every 3-6 months, depending upon complexity of cases; complete routine legal matters within one week; complete all investigations of 2000 presidential matters within four year presidential election cycle (by December 2004) (OGC)

Current Resources Performance Level (347.5 FTE)

- With three more FTE in Audit, would allow more timely completion of presidential audits in the 2000 cycle. (This is similar to temporary GAO assistance utilized in prior election cycles. Assistance of auditors on loan from GAO was terminated in the 1996 cycle.) (Audit)
- With one more FTE in Public Financing (OGC), would allow faster completion of OGC tasks in this area.

FEC Request Performance Level (356.5 FTE)

- Final 3 additional FTE in Audit assure completion of all presidential audits in 2000 cycle by two years from the 2000 general election, without adverse impact on Title 2 audit program under 2 U.S.C. 438(b). (Audit)
- Addition of one FTE in PFESP in OGC assures timely review of all 2000 cycle audits of presidential candidates. (OGC)

FEC Full Performance Level (365.5 FTE)

- Same as FEC Request Performance Level

Program IV: Office of Election Administration**Objective: Administer Office of Election Administration**

Desired outcomes are that the state and local election officials charged with administering federal elections are able to hold fair elections efficiently with public confidence in the integrity of the results; to enable elections administrators to comply with the Voting Accessibility and NVRA statutes. The FEC is required by the NVRA to report to Congress on the impact of the law after each election.

Minimal Performance Level (330.5 FTE)

- Conduct research (\$100,000) into elections administration issues, and respond to 100% of an estimated 7,500 requests for information within one week. Research projects include:

Updated Voting Systems Standards**Innovations in Elections: administrative model to assist local elections administrators in organizing their offices.**

- Comply with all statutory responsibilities and deadlines with regard to the Voting Accessibility and National Voter Registration Acts

Current Resources Performance Level (347.5 FTE)

- Same as Minimal Performance Level

FEC Request Performance Level (356.5 FTE)

- Same as Minimal Performance Level

FEC Full Performance Level (365.5 FTE)

- Same as Minimal Performance Level

The Office of Election Administration represents virtually the only direct federal assistance to the multitude of state and local elections officials charged with administering federal elections. The ability, or inability, to properly administer elections and tally elections results can affect the outcome of assuring public faith in the electoral process.

Information Technology (IT or ADP) Projects

A cross-cutting set of projects for computer development and enhancements, which will assist all Divisions and Offices in meeting their objectives and goals as defined above. The two major initiatives are the IT Enhancements and the Electronic Filing projects.

Minimal Performance Level (330.5 FTE)

- continue to provide point of entry for filing House disclosure documents at the FEC; scan all documents and transmit images to House Office in usable format for that office; eliminate duplicate processing at FEC and House office.
- Continuation of multi-year enhancement and upgrade of IT systems for all Commission Offices and Divisions; replaced FEC mainframe based word-processing and E-mail systems with networked, PC based system; retained access to FEC developed disclosure database and other FEC developed systems, including the disclosure imaging system.
- Development and implementation of an electronic filing system for disclosure reports required to be filed under the FECA; interim system initiated on January 1, 1997; implemented a full electronic filing system on a limited test basis for 1998 election cycle, complete testing and total system implementation in 2000 election cycle.
- Assumes \$4.886 million and 8.5 FTE for the computerization initiatives in FY 2000, according to the revised FEC FY 1998-2003 IT (ADP) Strategic and Performance Plans.

Current Resources Performance Level (347.5 FTE)

- Additional 4 FTE in Data Systems for basic computer support of on-going operations; no impact on developmental phase of IT projects. Increases support and assistance for electronic filing, case management, and operations in disclosure and compliance.

FEC Request Performance Level (356.5 FTE)

- Same as Current Resources Performance Level

FEC Request Performance Level (365.5 FTE)

-- Same as Current Resources Performance Level

**FEDERAL ELECTION COMMISSION
STRATEGIC PLAN
FY 1998-2003
PURSUANT TO GPRA AND OMB A-11**

**Submitted to OMB/Congress November 21, 1997
Revised February 12, 1998**

FEDERAL ELECTION COMMISSION STRATEGIC PLAN FY 1998-2003

As directed by the House Committee on Appropriations, OMB, and the GPRA, the FEC submits this Strategic Plan with our FY 1999 Budget Request. The Strategic Plan provides the framework for how the Commission will utilize its resources to implement and enforce the campaign finance laws during the 1998 (FY 1998-1999), 2000 (FY 2000-2001), and 2002 (FY 2002-2003) election (campaign) cycles. This concept, and the definition of an election cycle, is explained below.

The FEC first submitted a Strategic Plan in 1995 in conjunction with our FY 1997 budget request. We have necessarily revised our Strategic Plan to comply with any additional guidance provided by OMB and to reflect changed circumstances. The information in this plan is consistent with all currently available OMB guidance including OMB Circular A-11, as revised, per Transmittal Memorandums for all OMB A-11 Supplements. The plan will be modified in accordance with any future OMB guidance to agencies concerning compliance with the provisions of Public Law 103-62, the Government Performance and Results Act (GPRA).

MISSION STATEMENT

The ultimate mission of the FEC is to assure that the campaign finance process is fully disclosed and that the rules are effectively and fairly enforced, fostering the electorate's faith in the ultimate integrity of the nation's political process.

The sanctity of the political process is key to public faith in the policy decisions made by the elected and executive branches of government. Desired outcomes from the successful achievement of this mission include providing the electorate with the capability to make educated, informed decisions in the political process as to where candidates for federal office derive their financial support, and the confidence that those who disregard the FECA's restrictions on campaign financing and/or its requirements for public disclosure will suffer real and evenhanded consequences for non-compliance.

In attaining these outcomes, the FEC strives to foster and maintain an attitude of voluntary compliance with the rules of the campaign finance process. The FEC realizes that voluntary compliance and public confidence are necessary because limited budgetary resources preclude massive efforts to enforce the FECA.

The vehicle provided by Congress for accomplishing this mission is the Federal Election Campaign Act (FECA) as amended. Administering and enforcing the FECA includes facilitating public disclosure of campaign finance activity; providing information and policy guidance to the public, press, political committees, and elections officials on the law and Commission regulations; encouraging voluntary compliance with the disclosure and other requirements of the FECA; and enforcing the statute through audits, investigations, and civil litigation. Administering and enforcing the FECA also involves implementing the public funding programs for Presidential campaigns and conventions. This includes certification and audits of participating candidates and committees, and enforcement of public funding legislation.

DESCRIPTION OF GENERAL GOALS AND OBJECTIVES

In order to achieve this mission, the FEC has identified four major goals and objectives. Because it is difficult to quantify and measure faith in a political process, we

have tied these four goals and objectives to four core programs, which themselves are more easily subject to quantification and measurement:

PROGRAM I. Promoting disclosure of campaign finance reports required to be filed for public view under the FECA (Title 2): to promote full, accurate, and timely disclosure of campaign finance activity in federal elections, and to provide information and policy guidance on the FECA to the public, press, and those persons and entities required to comply with the FECA.

PROGRAM II. Enforcing the disclosure and limitations provisions of the FECA (Title 2): to encourage and obtain voluntary compliance with the disclosure and limitations provisions of the FECA through enforcement of the FECA in a timely, consistent, and comprehensive manner.

PROGRAM III. Implementing the presidential election public funding provisions of the FECA (Title 26): to successfully administer the public funding provisions of the FECA under Title 26 U.S.C. for qualified candidates in presidential elections.

PROGRAM IV. Enhancing federal election administration: to assist state and local election officials charged with administering federal elections through operation of the National Clearinghouse on Election Administration.

It is assumed that the successful outcomes of these programs will ultimately lead to the successful achievement of the Commission's mission to assure public confidence in the campaign finance system.

ACHIEVEMENT OF GENERAL GOALS AND OBJECTIVES--EXPECTED OUTCOMES

The desired mission related outcome is that the public has a high level of faith and trust in the fairness of the campaign finance and political processes. Program related outcomes include:

Program I, Public Disclosure. Outcomes:

- That sources of campaign funds in federal elections are accurately, fully, and timely disclosed to the public;
- That the electorate can make informed decisions as to the sources of campaign funds for candidates for federal office;
- That the electorate can readily obtain campaign finance information directly from the FEC in usable formats;
- That the press and media can use FEC data to more widely disclose campaign finance information;
- That the public and the campaign finance community can easily obtain policy guidance and assistance in understanding and complying with the FECA.

Program II, Compliance. Outcomes:

- That the public has confidence that the FECA is fairly and swiftly enforced;
- That the election community has a high level of confidence that the FECA is fairly enforced, resulting in a high level of voluntary compliance with the FECA;
- That the election community believes that there are real, timely consequences for violation of the disclosure and limitation provisions of the FECA;
- That limited FEC enforcement resources are focused on the most salient and significant compliance concerns under the FECA.

Program III, Public Financing. Outcomes:

- That the successful implementation of the public funding provisions of the FECA continues for each presidential election;
- That all federal funds disbursed in presidential elections are properly certified and accounted for by eligible candidates;
- That all audits and enforcement actions related to public funding are completed in a fair and timely fashion;
- That there are real and timely consequences for failure to comply with the FECA requirements under Title 26.

Program IV, Election Administration. Outcomes:

- That the FEC complies with all statutory responsibilities under the NVRA (National Voter Registration Act) and Voting Accessibility Act, to help improve the national level of voter registration and accessibility of polling places;
- That state and local elections officials receive informational and educational assistance in administering federal elections in an efficient and effective manner;
- That public confidence in the fairness and reliability of the polling process in federal elections remains high.

RELATIONSHIP BETWEEN PERFORMANCE GOALS IN THE ANNUAL PERFORMANCE PLAN AND GENERAL GOALS AND OBJECTIVES IN THE STRATEGIC PLAN.

Definition of an Election Cycle

The Commission defines its work generally in the context of election cycles. There are, however, many definitions of an "election cycle." For example, for disclosure database purposes, the FEC thinks in terms of four calendar years, i.e. the 1996

Database begins in January of 1995 and continues through December of 1998. However, the press and academicians define an election cycle as the preceding and actual election years.

In the context of this Strategic Plan, the FEC notes that the actual 1998 election occurs in FY 1999, and that the break in fiscal years (October 1) comes in the middle of the peak pre-election period when the FEC experiences its heaviest workloads for many programs.

As a result, for budget and planning purposes, the FEC generally considers an election cycle to include the election year and the following year, i.e. FY 1998 and FY 1999 comprise the 1998 election cycle for the purposes of this Strategic Plan. However, the flow of work for programs such as audits and enforcement actions is such that action on the referrals for audits and compliance actions from the 1998 election most likely will not be finalized for three to four years after the election cycle. This is particularly true for presidential audits and enforcement cases arising from the public funding provisions of the FECA. Therefore, work undertaken or completed in any fiscal year will necessarily include work arising from two or more election cycles.

Strategic Plan and Election Cycles/Performance Plan and FY's

The Strategic Plan discusses performance goals and workloads by election cycle (unless otherwise noted), while the Performance Plan relates the activities of the specific fiscal year (FY 1999) to work from several election cycles. The Performance Plan also relates the performance goals for the FY to the levels of funding, relating the impact of reduced funding to the obtainable level of outcomes possible.

STRATEGIC PLAN FY 1998-2003 PERFORMANCE GOALS

The targets and goals included in this Strategic Plan are based on the assumption that the Commission receives an appropriation sufficient to fund 360.5 FTE in each FY in a presidential election cycle, what we term a "Current Request Performance Level" of funding. In essence, this is the "Reduced Performance Level" of our previous Strategic Plans, modified to add the 47 FTE we now believe are essential to handle the heavy compliance workload, prepare for the 2000 presidential election, and provide support for our ADP modernization.

In several areas the Current Request Performance Level falls short of the performance goals we identified in prior Strategic Plans at a "Standard Performance Level" based on an FTE level of 332. For example, there will be slippage of the time frames for completion of data collection, reports review, and referrals for audits and/or compliance actions, as well as for responsiveness to requests for information and data inquiries. Because our appropriations in recent years fell well short of the amount needed to fund 332 FTE, and because our greatest concerns lie with the adequacy of the compliance program, we have revised our Strategic Plan to set forth performance goals that reflect more accurately how the agency will be functioning at the Current Request Performance Level. However, should we find that certain functions clearly need more resources, for example in the reports review area where delays in sending requests for additional information or referring matters for audit or enforcement can be serious, we will modify this Plan and/or budget requests as appropriate.

PROGRAM I. DISCLOSURE

In order to meet the outcome goal that the public is capable of being fully informed about campaign finance sources, during each federal election cycle (primaries and the general elections) the Commission will accomplish the following:

A. Place between 80,000 to 85,000 reports and 20,000 to 25,000 statements from over 8,000 committees filing reports on the public record each election cycle.

1. Complete coding and entry of summary data from documents and statements filed each cycle and meet the 48 hour deadline for making documents public for 99% of those filed;
2. Complete coding and entry of itemized data from reports filed, including 1.5 to 2.0 million itemized transactions per cycle, completing 95% within 45 days of reports being received (quarterly filing periods) at the FEC;
3. Complete the review of all reports filed and refer all potential enforcement actions and audits each cycle, 75% of reviews within 120 days of receipt;
4. Issue 17,500 Requests for Additional Information (RFAs) per cycle to correct the public record, 60% within 90 days of receipt of report (getting back to filers within 90 days minimizes repetitious errors which tend to further burden the disclosure process); respond to requests for assistance from 21,000 filers per cycle.

B. Produce analytical summaries and releases of campaign finance data in summary form, and in the aggregate and by individual committees, periodically prior to each election, and in summary form after each general election:

1. Analytical releases after each election year quarterly report and the pre-general election report;
2. Summary statistical analyses after each election cycle in book form: Reports on Financial Activity or RFAs;
3. Undertake a database accuracy review monthly for summary and itemized data entry.

C. Make FEC database and data available to requesters directly through computerized access:

1. Provide free access to the FEC disclosure database to all state elections offices wishing to participate: currently over 30 states;
2. Provide timely on-line access to the FEC disclosure database to the public through the services of the Data Systems Division and the storefront Public Records Office.

D. Respond to over 500,000 requests for data, information, copies of reports or indices, and other requests for assistance each cycle:

1. 90,000 requests in Public Records;
2. 175,000 inquiries in Information (800 line, etc.);
3. 35,000 requests in the Press Office, and over 1,000 FOIA requests;
4. Copies of materials and publications to 50,000 requesters;
5. 150,000 computer indices and printouts.

E. Respond to Advisory Opinion requests and operate informational outreach programs:

1. Respond to 100% of 50 to 60 Advisory Opinion requests per cycle within 60 and 20 day statutory deadlines;
2. Publish an Annual Report each year, the *FEC Record* monthly, and provide prior notice of filing dates to filers;
3. Make copies of the Act (FECA) and FEC Regulations available to filers, as well as disclosure forms;
4. Conduct five to six campaign finance workshops to educate filers.

PROGRAM II. COMPLIANCE

In order to meet the outcome goal that the public is assured that the FECA is fairly and speedily enforced, the Commission will accomplish the following:

A. Make 275-300 referrals from the Reports Analysis Division for potential audit or enforcement per cycle:

1. Refer 200 committees for potential audits under 2 U.S.C.438(b) per cycle, with 180 in second year of cycle (e.g. FY 1999 for 1998 cycle) and all audit referrals of candidate committees within the statutory deadline of six months from the general election;
2. Refer 75 to 100 committees for potential enforcement actions under 2 U.S.C.437g per cycle.

B. Complete audits of committees referred under 2 U.S.C. 438(b), estimated 25-30 for each cycle:

1. 17-20 unauthorized (non-candidate) committees;
2. 8-10 authorized (candidate) committees;
3. Also complete review of all audits for legal issues.

C. Process enforcement workload arising from complaints and the internal review and referral system for each cycle:

1. Process 250-300 complaints plus 75-100 internal referrals during the two year period;
2. Assuming an average total caseload of 290-300 cases in any given month, maintain an average active caseload of 40-45% of total caseload.

D. Close 450-500 cases in each election cycle, 45% with substantive Commission action. (This 45% represents cases in which the Commission has reached a substantive finding on the merits of the matter, other than dismissal, including findings of no RTB.)

E. Pursue resolution of cases through litigation and defend the FEC and FECA in suits brought by other parties to fully enforce the FECA:

1. Initiate litigation in an estimated 20-25 offensive suits per cycle (always meeting five-year statute of limitations);
2. Defend the FEC and FECA in 20-30 suits initiated per cycle.

PROGRAM III. PUBLIC FINANCING

In order to meet the outcome goal that the public funding programs under the FECA are fully implemented and fairly and speedily enforced, the Commission will accomplish the following:

Within two years of each presidential general election:

A. Complete the certification of payments to and audits of publicly funded candidates in presidential elections:

1. Process monthly certification requests for federal matching funds (estimated 15-17 candidates in 2000 election);
2. Audit primary candidates receiving federal matching funds (15-17 in the 2000 election);
3. Audit at least four national party convention and host committees receiving federal funds for nominating conventions;
4. Audit general election candidate committees of two major parties (and any minor parties).

Within three years of each presidential general election:

B. Complete legal review of presidential audits:

1. Review legal issues arising from primary audits, at least four convention audits, and two or three general election audits;
 2. Resolve repayment questions for committees receiving federal funds (always meeting three year statute of limitations).
- C. Initiate enforcement cases involving presidential committees referred through internal referral process or complaint.
- D. Provide Congress with a report on the public funding programs.

Within four years of each presidential general election:

- E. Complete initial actions on enforcement cases involving presidential committees referred through internal process or complaint.

PROGRAM IV. OFFICE OF ELECTION ADMINISTRATION

In order to meet the outcome goal that the FEC will assist state and local elections officials in conducting federal elections, the Commission will operate the Office of Election Administration each election cycle, and accomplish the following:

- A. Conduct research projects in elections administration issues and publish results:
1. Fund research projects as appropriate, making results available in printed form (less in contracts at reduced funding levels);
 2. By 1999, make computerized results available on-line.
- B. Provide informational and educational outreach to elections administration officials, and seek their input by conducting an annual advisory panel meeting:
1. Attend state and national elections officials' conferences and meetings;
 2. Respond to 12,000 informational requests per cycle, and publish an elections administration Journal;
 3. Conduct an annual advisory panel meeting;
 4. Meet with elections officials from other countries to foster the spread of democratic, fair and well-administered elections.
- C. Carry-out the obligations of the Office of Election Administration with regard to voting accessibility and NVRA ("motor voter") legislation:
1. Review NVRA state regulations and registration forms and report to Congress on the impact of the NVRA after each election;
 2. Coordinate research projects with needs of officials to comply with NVRA.

COMPUTERIZATION AND ELECTRONIC FILING PROJECTS

In order to successfully meet the goals for the four core programs, the FEC will also undertake the following projects from FY 1998 through FY 2002:

- Supplement and enhance existing FEC ADP systems connected to the mainframe databases; complete fully enhanced installation by FY 2002;
- Implement a full-scale electronic filing system on a limited, volunteer basis during the 1998 election cycle, with all committees able to file electronically by the 2000 election cycle;
- Absent amendment to the FECA, committees will only file electronically on a voluntary basis for the 1998, 2000 and 2002 cycles;

More details for the Electronic Filing and ADP Enhancements projects are available in the Commission's FY 1997-2002 Computerization Strategic and Performance Plans. The timing of the completion of the two remaining computerization initiatives is dependent upon the overall level of FEC funding: reduced levels of funding delay the completion of the projects.

KEY FACTORS THAT COULD AFFECT ACHIEVEMENT OF GENERAL GOALS AND OBJECTIVES

External factors which have the greatest potential to significantly and adversely impact on our ability to achieve our statutory mission are those that affect the general application of the FECA itself. Such factors include, but are not limited to:

- The number of candidates who run for federal office and the amount of money involved in the political process.
- Significant and substantive amendment to the FECA itself, which could either close present "loopholes" in the law and strengthen the FEC's enforcement and disclosure operations, or changes loosening the regulations regarding the limits and restrictions on fundraising and reporting;
- Definitive Supreme Court judicial review of presently contested elements of the FECA, e.g. the definition of "express advocacy," the legal determination of what activity by a group triggers registration as a committee (and thus reporting requirements and limitation provisions), and similar controversial elements of the present regulatory regime;
- The solvency of the Presidential Election Campaign Fund and, as a consequence, the determination of presidential candidates to either opt in or out of the public funding programs;
- Major increases or decreases in the level of funding appropriated to the FEC and the presence and nature of any restrictions on the use of those funds;

-- Significant increases or decreases in the level of competition in federal election campaigns, the volume and intensity of fundraising for federal campaigns, and the general political attitude, interest, and awareness of the public and the electorate, which can greatly influence the tone and competitiveness of elections.

All of these factors can influence the amount of money to be regulated by the FEC each election cycle, driving FEC workloads such as the number of reports filed and transactions to be processed, the volume of requests for information, data, and assistance made to the FEC, and the number of complaints filed with the Commission. Of all these factors, the status of the presidential fund and the appropriations level for the FEC are perhaps the most salient currently.

Record levels of campaign finance activity in the past three election cycles, coupled with limited budgetary resources available, have severely strained the Commission's ability to meet mission objectives and performance goals. The status of the presidential fund may become an active factor in the 2000 election, due to declining public support of the check-off and absent any legislative fix to index income into the fund.

FEC PROGRAM EVALUATION ACTIVITIES

The FEC has a planning and budgeting system which is based on a detailed Management Information System (MIS), and is driven by program based workloads and activity data, outputs, and productivity measures. In an on-going evaluation process, the monthly MIS reports and FY based productivity measures are used to evaluate program efficiency and effectiveness. The FEC has also married the A-123 and A-127 processes, under the Federal Managers' Financial Management and Integrity Act or FMFMA, to ongoing program management activities, and has striven to relate the annual A-123 reports to the FEC Budget requests.

The evaluation of program resources, mainly staff resources, and the resulting program outputs and productivity measures are used in the internal planning and budget formulation processes. Commission Management Plans and Budget Requests are workload-driven, and related to resource levels and expected program activity levels.

As a personnel intensive agency, over 70% of the Commission's resources are staff costs, and the remaining 30% represents mainly rent and other direct support for that staff. Using the MIS and Summary MIS reports, both produced on a monthly basis, all workloads, program outputs, productivity, and effectiveness and efficiency are constantly being monitored, often in great detail. This is reported to the Commission in monthly Management Reports from the Staff Director. Several other tracking systems monitor the status of reports processing (filing, filming, data coding and entry, and reports review), enforcement and litigation activities, Advisory Opinions and regulatory rule making, and audit progress. The Enforcement Priority System continually adjusts active enforcement caseloads to match available resources.

The Performance Goals contained in this Strategic Plan and the FY 1999 Performance Plan are tied directly to the Commission's workload and activity measures and the level of funding requested. The detailed level of on-going program activity monitoring and output measurement efforts will enable the Commission to determine if our performance goals are being achieved. This will provide the basis for future evaluations of our efforts.

As noted above, quantifying and measuring faith in a political process is difficult. The FEC does believe that our performance goals and the related program outputs help indicate whether we can achieve the desired outcomes of public faith in the campaign finance system and the political process. Lack of funding precludes establishment of an evaluation staff dedicated solely to perform formal program reviews and evaluations. However, the detailed MIS monitoring system, and the FEC OIG audits of Commission financial and related systems, provide an ongoing evaluation system of some detail.

WEDNESDAY, MARCH 17, 1999.

U.S. GENERAL SERVICES ADMINISTRATION

WITNESSES

DAVID J. BARRAM, ADMINISTRATOR
ROBERT A. PECK, COMMISSIONER, PUBLIC BUILDINGS SERVICE
WILLIAM B. EARLY, JR., DIRECTOR OF BUDGET AND DEPUTY CHIEF
FINANCIAL OFFICER
DONA BENNETT, DEPUTY COMMISSIONER, FEDERAL SUPPLY SERVICE

INTRODUCTION

Mr. KOLBE. Good morning. The Subcommittee on Treasury, Postal Service, and General Government will come to order. This morning, we welcome Mr. David Barram, the Administrator of the General Services Administration and his colleagues at the table.

For this coming fiscal year, GSA is requesting an appropriation from our Subcommittee of \$158 million. In addition, GSA is requesting \$5.3 billion in new obligational authority from the Federal Buildings Fund. However, as Mr. Barram points out in his statement, the overall program for GSA is \$14.5 billion.

This request includes \$102 million for new construction projects. One of the new construction projects is the consolidation of the Food and Drug Administration in Montgomery County, Maryland. This is a \$500 million project that we are going to be watching very closely. Once again, however, we notice that there are no funds requested in the budget for new courthouse construction projects. The lack of Administration support for needed courthouse construction continues to be a major concern for this Subcommittee. Frankly, I find it very puzzling, since we have a commitment to law enforcement, that we are not looking at this as a total continuum of the law enforcement picture.

Following this hearing, we will be hearing from the Judicial Conference of the United States regarding the need for new courthouses. We will be able to follow up and hear from the Judiciary itself on this issue.

We are pleased also to notice that GSA has awarded two new contracts for long distance telephone service worth about \$5 billion over the next several years. We look forward to hearing from the Administrator about those contracts.

Mr. Barram, of course, as always your complete statement will be placed in the record. If you want you may summarize it in your opening statement. Before we do that, let me yield to my Ranking Member, Mr. Hoyer for any remarks that he might want to make.

Mr. HOYER. Thank you very much, Mr. Chairman.

It is always a privilege to be with you and to hear from Mr. Barram, the Administrator. Before this Subcommittee today, Robert Peck, Commissioner, Public Buildings Service our good friend

Bill Early, and other officials of the General Services Administration, including the Deputy Director.

I am pleased to note that Congressman Ratchford is with us as well. He does such an excellent job in bringing GSA's message to the Congress.

I am pleased to note that there have been dynamic changes in GSA. Mr. Barram, you have totally reoriented the agency to customer service, while maintaining outstanding policy leadership throughout the Federal Government.

I congratulate you and all with whom you work for making GSA an extremely competitive and cost effective source for all Federal customers. However, I have some serious concerns related to the Public Buildings Service, which I expect you will address.

First, as all of us have been reading the safety of Federal employees depends on the security of Federal buildings. The Washington Post last week reported that there are potential security problems with the Ronald Reagan Building. I would say as an aside, my view is the same can be said of almost every public and private building in any urban area in America.

However, I believe we have learned an important lesson in Oklahoma City, and that is Federal workers are targets of terrorist actions. Ensuring that Federal buildings are a secure environment for Federal workers must be, and I know is, a major priority of GSA.

My second concern, and the Chairman has mentioned this, and I want to reiterate, is that for the third year in a row, there is no funding for courthouse construction in the budget request, even though we know that new and renovated courthouses are required to meet the growing judicial case load of Federal crimes.

We are very proud of the fact in the Clinton Administration and in the Congress that our efforts together have brought the crime rate down. One reason is because we have arrested criminals and we are keeping them in jail.

The fact of the matter is, if we cannot process them properly in facilities that themselves are secure and conducive to the efficient and effective administration of justice, then we will not be as successful as we want to be.

Mr. Barram, I look forward to hearing from you and others on how GSA will address these concerns and others.

Thank you very much, Mr. Chairman, for this opportunity to make this opening statement.

Mr. KOLBE. Thank you. Mr. Barram, do you want to proceed with your statement?

SUMMARY STATEMENT OF MR. BARRAM

Mr. BARRAM. Yes. Good morning, Mr. Chairman and members of the Subcommittee. Happy St. Patrick's Day.

You have my statement, so I will not repeat it. I would like to make a few points and I hope lay a foundation for your questions. I have, as Mr. Hoyer mentioned, the pleasure of having a lot of the senior leaders of GSA with us today.

Thank you for introducing them all. Bob Peck who is sitting to my right will answer any questions you may have about the Public

Buildings Service. I am going to save, if I could, those courthouse questions until after I make my statement.

Bill Early, Budget Director extraordinaire is sitting to my left.

We are celebrating our 50th Anniversary. In fact, our name tent cards show the new GSA symbol. We have changed a lot in those 50 years.

We have really changed a lot in the last few years. Even more significant, we have to keep changing. Being constantly in a change mode is difficult, but we are working at it.

Our business is growing in volume and in value. Our people are growing in their capabilities, but not in volume. In fact, we have reduced the size of our work force by about 30 percent in the last 6 years.

Our \$14.5 billion budget program that you mentioned, Mr. Chairman, is structured so that virtually all of that money ends up in the private sector.

We get great value for our customers, the Federal agencies, in regard to airline fares, overnight delivery services, vehicle leasing, telecommunications service, and high quality work places.

I believe our customers really like us these days because we do our job. By doing that, we help them do their jobs. We are championing new ideas and using them ourselves.

Internet Access. By June 14, 1996, Flag Day, we gave every GSA employee access to the Internet; the most important tool you can use in communication and research today.

Innovative work spaces. We are championing flexible, mobile, productive work spaces. We are creating them to help ourselves and our customers be more productive.

Seat Management. This will revolutionize the acquisition of information technology. We have it available for our customers and we are putting it in place for ourselves.

Advanced Telecommunications. We try to use these high productivity tools that we sell.

We manage over 330 million square feet of space better than ever because we are measuring our performance better than ever; tenant satisfaction scores over 80 percent. Our operating costs are 11 percent below the private sector.

Our vacancy rates are below the national private sector average. We are cost effective and customer oriented. We are just as committed to a broader set of goals to make our work force more productive, our cities more vital, and our environment more sustainable.

Family friendly work places, for example. We just added four more child care centers. We now have 112 Federal child care facilities, with over 7,600 children around the country.

Our Good Neighbor Policy. We are now in our third full year of helping cities revitalize parts of downtowns by emphasizing Executive Orders that require agencies to locate downtown and in historical buildings. We are doing something overt and active to help be a part of the downtowns.

Planet GSA is an umbrella concept under which GSA people are, among other things, recycling, pioneering new energy savings ideas, advocating and using alternative fuel vehicles, and learning to manage construction projects in a green way.

The Budget. You mentioned our planned \$14.5 billion budget program. We are asking the Subcommittee to provide \$158.3 million in new appropriations. You have the summary on page 9 of my statement.

As you know and as you have said, our operating appropriations are only about one percent of the total proposed budget, yet they are vital to the program. They support our Government-wide policy function, the Office of Inspector General, and other direct-funded programs.

The \$158.3 million requested is \$10 million below fiscal year 1999 levels. The net decrease reflects several one-time costs incurred in fiscal year 1999, including year 2000 emergency expenditures, Y2K.

I am pleased to note, by the way, that GSA has obtained a score of A-minus on the last evaluation of our Y2K efforts. We are complete in the work that we need to do.

Other one-time costs include \$7 million transferred from the District of Columbia Appropriation for an environmental study of the Lorton Correctional Facility in Virginia, and several other small programs and transfers.

These decreases were partially offset by increases for the protection and maintenance of Governor's Island, which GSA will maintain until its sale in fiscal year 2002.

Included in our request is \$2.8 million for protection and maintenance of Lorton and other initiatives. These initiatives include support for electronic commerce infrastructure, surplus computers for learning, and the President's initiatives on accessible information technology for the disabled.

Let me quickly mention a couple of initiatives in GSA's Public Buildings Service Program. We are working to reduce vacant available lease space by 700,000 square feet, or about 20 percent, saving more than \$11 million.

We will allocate \$125 million to reconfigure Government-owned space to increase occupiable space by 3.8 million square feet. We are simplifying the rent pricing system. We are requesting an advance appropriation of \$163.5 million to the Federal Buildings Fund to become available in the year 2001.

\$80.5 million is for construction of the FDA Administration Headquarters in Montgomery County, Maryland, that you mentioned. \$83 million is for construction of a new Bureau of Alcohol, Tobacco, and Firearms Headquarters.

As you have said, our request for the FBF is \$5.4 billion. That includes \$102 million for new construction, and \$665 million for repairs and alterations.

The rest is used for the expenses required to operate the asset base in which we collect the \$5.4 billion in rent.

I have talked with you, Mr. Chairman, Mr. Hoyer, and others, passionately about the importance of maintaining this huge asset base, valued at over \$30 billion. I am pleased that we are able to present a budget that recognizes this critical need.

Let me close my opening statement by thanking you, both of you, for your thoughtful support and valuable counsel. You know our business. You let us manage it, but you hold us accountable. I appreciate that. I really do.

Thank you.

[The prepared statement of Mr. Barram follows:]

**STATEMENT OF DAVID J. BARRAM
ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE
AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES**

March 17, 1999

Mr. Chairman and Members of the Committee:

I am Dave Barram, Administrator of General Services, and I am pleased to appear before you this afternoon to discuss the fiscal year 2000 budget request for the General Services Administration (GSA).

GSA, by the way, is proudly celebrating its 50th anniversary this year, as the Government's central management agency for administrative services. GSA's mission is to provide policy leadership and expertly managed space, products, services, and solutions, at the best value, to enable Federal employees to accomplish their missions. Our principal goals are to promote responsible asset management, to compete effectively in the Federal market, to excel at customer service, and to anticipate future workplace needs. We believe that our dual policy and operational roles provide a unique capability to ensure high performance and cost effectiveness in Federal work environments.

When I appeared before the Committee last year, I discussed a number of innovations that GSA was undertaking to become the best in class and the provider of choice for our Federal customers, and I promised that you would be hearing even more success stories when we next came before you. I am happy to deliver on that promise today. I like to think of GSA's planned 2000 program as maintaining the momentum of our accomplishments in helping to build a Federal sector that works better and costs less.

Before addressing the specifics of the budget request, I would like to put it into the perspective of where we have been and where we are going. We are committed to thrilling our customers with innovative operating and policy solutions to meet their needs. We are moving toward more partnering, more alliances, joint ventures and outsourcing. We're giving resources to people to reinvent themselves as part of reinventing Government. As we broker change, GSA is a changed place, too. I often say, "This is not your father's GSA," and it's not. This is a different age, and we are functioning like a private sector competitor rather than a Federal bureaucracy.

This is apparent in everything we do under both our policy and operational roles. GSA is working collaboratively with agencies on complex policy solutions for electronic commerce including smart card technology, security issues related to Internet use, regulations in plain language, and shared data bases for interagency access through the Internet.

Using obligations as an indicator of business volume, our fiscal year 2000 budget program will be over \$14.5 billion, much of which will be in the form of funded requests from other agencies for goods and services. This total has steadily grown each year, in part the outcome of successful strategies to make the agency an extremely competitive and cost effective source of goods and services for our Federal customers. At the same time, we have significantly streamlined our organization. Budgeted fiscal year 2000 employment of 14,150 full-time equivalents (FTEs) is almost 30 percent below fiscal year 1993 levels, and is 25,000 below our peak workforce of the early 1970's. We are, in fact, doing more - and doing it better - with less.

It is also worthwhile to note that most GSA funding is ultimately channeled to the private sector. Of the anticipated \$14.5 billion budget program, only \$945 million, about 6.5 percent, is for salaries and benefits of GSA personnel. The rest will be contracted with private vendors, directly or through revolving funds, for the purchase of goods and services.

In addition, the agency will put in place contractual mechanisms through which all Federal agencies will directly place over \$27 billion in commercial purchases, up almost 41 percent compared with fiscal year 1997. We have simplified and expanded the use of multiple award schedules and purchase agreements to further streamline the acquisition process, and the President, Vice President, and Department of Defense have endorsed the use of GSA's schedules. We get great deals for the Government by

leveraging vendor-competitiveness and the size of the Federal market to contract for top quality goods and services at a discount. For example:

- The Contract Airline City-Pair program offers Federal travelers unrestricted discount airfares on over 6,000 routes that yield \$2.5 billion in annual savings.
- Overnight package delivery is priced 45% lower than comparable corporate rates, with a money-back guarantee for late delivery.
- Negotiated agreements with motor carriers on freight shipments result in charges to Federal customers 45% to 47% less than regular tariff rates.
- Vehicle fleet services are the most cost-effective anywhere, with 4-door compact sedan acquisitions providing an average of 19% savings compared to commercial "Black Book" prices.
- The FTS2001 contracts, estimated at over \$5 billion of telecommunications services over the next eight years, were awarded at the beginning of 1999, and will result in immediate savings of 30 percent and prices reducing to less than a penny a minute over the life of the contract. This represents a continuation of GSA's excellent performance over ten years with FTS2000, bringing the lowest possible long distance prices to our Government users.

GSA is also conducting telecommunications acquisitions in major metropolitan areas across the country as a way of establishing competition for local services. These acquisitions, known as the Metropolitan Area Acquisitions (MAAs) are scheduled to begin rolling out in April, and will help GSA realize its ultimate goal of establishing end-to-end competitive telecommunications services delivery to its customer agencies.

- GSA's award of the ten-year \$9 billion Seat Management contracts have the potential to revolutionize the way the Government acquires information technology. These contracts provide desktop computing as a pure, non-owned service, enabling the Government to acquire desktop functionality as a utility and pay for it by the seat -- a practice that is increasingly being used in the private sector to achieve reduced costs and increased operating efficiencies through its managed life cycle approach.
- Our success in offering information technology services is reflected in the extremely rapid growth of our programs, from \$1 billion in FY 1993 to an estimated \$3.7 billion in FY 2000, primarily in our Information Technology Solutions area. The ability to sustain that growth with our current capitalization has caused some problems with our cash position in the Information Technology Fund, which we monitor very closely.

Making it easier for Federal agencies to purchase items at the best price is only part of the story. We are actually changing Government procurement, and technology

is helping us pave the road to a new way of buying for the 21st century. GSA has been playing a leadership role in such efforts as the Vice President's Access America Plan to link the Government and users together electronically. To expand and promote electronic commerce, for example, we made over 500,000 products available on-line through our *GSA Advantage!* Internet-based ordering system. All four million commercial products and services will soon be offered.

We continue to improve our performance in the real property arena as well. We have developed performance measures that will help us judge the success of our efforts to improve the way we perform our real property functions. Some of our successes include:

- Eleven percent below private sector on operating costs per square foot of office space.
- Eighty percent tenant satisfaction with both leased space and government-owned and operated space.
- We continue our success in reducing energy consumption even though our utility costs in office space are already about one-third below our private sector comparisons. GSA's energy consumption was reduced by 17% from 1985 to 1998, and will be reduced by an additional 3% by FY 2000.

In addition to bottom-line cost effectiveness, the agency's programs also often involve meeting broad societal goals and improving the quality of life for Federal employees.

- GSA is a leader in family-friendly workplaces. We opened four new on-site child care centers in FY 1998, and now manage 112 Federal child care facilities, serving more than 7,600 children. Sixty-seven percent of our eligible centers are accredited, compared to five percent for all childcare centers nationwide. We also continue to seek new ways to make Federal child care more affordable.
- GSA's budget request includes \$10 million for accessible information technology programs, for the President's initiative to promote and support employment of individuals with disabilities.
- GSA will manage the Computers for Learning program website, to aid in the donation of surplus computer equipment to schools and non-profit education groups.
- GSA will continue its *Good Neighbor* program, a partnership with communities that enhances local efforts aimed at maintaining the vitality of American cities. The program uses GSA's authorities in real and personal property to revitalize downtown areas and local communities across the country.

- GSA's Federal recycling efforts in approximately 1,100 buildings will result in diversion of about 68,000 tons of recyclable materials away from landfills in FY 2000.
- GSA's fleet experiments with innovative technologies, such as alternative-fuel vehicles (AFVs), led to GSA's induction into the Clean Air Hall of Fame. The agency will purchase over 10,500 AFVs in FY 2000.

These accomplishments are both individually significant and a direct consequence of GSA's Strategic Plan, submitted to Congress in September, 1997 in accordance with the Government Performance and Results Act. The goals and objectives of the Strategic Plan have been translated into specific performance goals under each of the agency's major programs, with output, outcome, or other performance measures used to gauge the success of the effort. These data are reflected in GSA's 2000 Performance Plan, and are integrated into the detailed budget justification materials submitted to the Committee. We think that these will help demonstrate what we have long believed: that a dollar invested in GSA is taxpayer money well spent.

I would now like to turn to the specifics of the budget request. As mentioned earlier, much of our planned \$14.5 billion program for fiscal year 2000 is provided by funded orders from our customers. We are asking the Committee to provide \$158.3 million in new appropriations, and \$5.3 billion in new obligational authority (NOA) to

spend available resources in the Federal Buildings Fund (FBF). This is shown by account in the following table:

The Fiscal Year 2000 Program Requiring Congressional Action \$(Thousands)			
	FY 1998 Actual	FY 1999 Current	FY 2000 Budget
<i><u>Operating Appropriations:</u></i>			
Salaries & Exp., Policy and Operations	106,197	134,062*	122,158
Office of Inspector General	33,549	32,012	33,917
Allowances, Former Presidents	2,036	2,241	2,241
Budget Authority/Appropriations	\$ 141,782	\$ 168,315	\$ 158,316
<i><u>Federal Buildings Fund New Obligational Authority:</u></i>			
Construction & Acquisition of Facilities	50	492,190	102,194
Repairs and Alterations	238,658	673,031	664,869
Installment Acquisition Payments	172,171	215,764	205,668
Rental of Space	2,566,893	2,668,761	2,782,186
Building Operations	1,334,915	1,554,772	1,590,183
Authority for prior-year activities/projects	634,366	0	0
Total New Obligational Auth. (NOA)	\$ 4,947,053	\$ 5,604,518	\$ 5,345,100
*Includes \$17,468 thousand in one-time Year 2000 (Y2K) Emergency funds.			

Operating appropriations, while only about one percent of the total proposed budget, are a vitally important part of the program. They support our Governmentwide policy function, the Office of Inspector General, and other direct funded programs. The \$158.3 million requested is \$10 million below levels enacted in fiscal year 1999. The net decrease reflects several one-time costs incurred in FY 1999, including Year 2000 (Y2K) Emergency expenditures. I am pleased to note that GSA has attained a score of A- on the latest evaluation of our Y2K efforts. Other one-time costs include \$7 million transferred from the District of Columbia appropriation for an environmental study of the

Lorton Correctional Facility in Virginia, and several other small programs and transfers. These decreases were partially offset by increases for protection and maintenance of Governors Island, New York, which GSA will maintain until its sale in fiscal year 2002; \$2.8 million for protection and maintenance of Lorton; and other initiatives. These initiatives include support for Electronic Commerce Infrastructure, Surplus Computers for Learning, and the President's initiatives on accessible information technology for the disabled.

Initiatives in GSA's Public Buildings Service (PBS) program include:

- Reduce vacant available leased space by 700 thousand square feet, about 20%, saving more than \$11 million.
- Allocate \$125 million to reconfigure Government owned space to increase occupiable space by 3.8 million square feet.
- Simplify the rent pricing system.
- An advance appropriation of \$163.5 million to the Federal Buildings Fund, to become available in fiscal year 2001. \$80.5 million of this amount is for construction of the Food and Drug Administration headquarters consolidation in Montgomery County, Maryland; \$83.0 million is for construction of a new Bureau of Alcohol, Tobacco and Firearms headquarters.

\$5.3 billion in NOA is requested for the FBF. We are proposing a capital program of \$102 million for new construction and \$665 million for repairs and alterations. Remaining funds support the full range of Federal real property activities, including payment of interest on past acquisitions, security services, rental of space for tenants who are not in Government-owned space, and the operation, maintenance, and upkeep of the existing inventory. Budgeted capital and operating requirements are financed entirely within the projected resources of the FBF.

In fact, our FBF collections in fiscal year 1998 slightly exceeded our projections, within an acceptable variance that takes account of market instability and agency space demand fluctuations. We also worked hard to ensure that all possible collections were made.

Our proposed fiscal year 2000 capital program, as in the past, will give first priority to using any revenues not required for operating and fixed-expense obligations to finance our repairs and alterations program. The average age of our owned buildings is 55 years, far above the private sector average. Our benchmark for funding repairs and alterations on our \$30 billion inventory would give us about the requested \$665 million for repair and alteration projects. We have many old buildings that have never had a total rehabilitation, many that have totally obsolete heating/air conditioning systems and utility connections and can't support 21st century operations, and some that need seismic upgrades to remain occupiable. If we do not properly maintain and modernize our buildings, the value of our inventory will decline. Obligations for

construction and repair and alteration projects totaled \$745 million in fiscal year 1998, and are projected at \$1.3 billion in fiscal year 1999 and over \$1.0 billion in the budget year.

Within the new construction request of \$102.2 million, \$55.9 million is requested for consolidated office and laboratory space for Food and Drug Administration (FDA) headquarters components at White Oak in Montgomery County, Maryland. FDA components are currently housed in 48 buildings in 20 different locations throughout the Washington, DC metropolitan area. Additional construction costs for the FDA headquarters in future years will total \$427 million, of which \$80.5 million is requested as an advance appropriation for FY 2001. The FY 2000 construction request also includes \$32 million for construction of five Border Stations, \$4.3 million for the demolition phase of the U.S. Mission to the United Nations project in New York, and \$10 million for various non-prospectus construction projects.

No new courthouse construction projects are included in the proposed fiscal year 2000 program. We continue to work on 46 previously-funded courthouse projects, however, and are scheduled to deliver 12 new courthouses this year and 7 more next year. I think that it is important to note that, notwithstanding reduced levels of budgeted new construction authority in FY 1997 and FY 1998, the capital program actually being put in place has not significantly declined due to the large pipeline of previously approved projects.

Under operating programs, the \$2.8 billion budget for Rental of Space is based on projections of a 0.6 percent increase in inventory, or 911 thousand square feet; while many agencies are downsizing and releasing unused space to us, others, such as law enforcement and health care research, are expanding. Market rents that we pay for space also continue to increase for the portion of inventory that will be subject to new lease agreements (about one-sixth of our leased inventory turns over every year). Due to the strong economy, market rents across the country are rising much more steeply than the inflation rate—as much as five to ten percent in a number of large markets.

\$1.6 billion requested for building operations reflects a restoration of service levels in a number of areas, partly offset by continuation of efficiencies and cost-containment strategies. In fiscal year 1998, deep reductions in our operating budgets were implemented to structure the program within projected revenues, in order to make up for the fiscal years 1996 and 1997 rent shortfalls. Our field employees, with the cooperation of our customers, achieved permanent cost savings in a number of areas. We are operating at a level of 11 percent below the private sector, and our budget cannot easily be reduced further. While our employees are showing ingenuity in operating our buildings safely and productively, the impact of some reductions, like postponing certain maintenance or repair, cannot be avoided for long. Our focus remains on streamlining building operations through use of private sector benchmarks developed in fiscal year 1997. Benchmark surveys in FY 1998 show that, in 87% of GSA's office space, our operating costs are comparable to or less than the private

sector's. In the remaining 13% of the office space, we have further opportunities for matching or beating the benchmarks, and we are focusing on doing just that.

We have several legislative initiatives for which we would appreciate your support. These initiatives should improve our ability to efficiently manage the government's assets:

- Reengineering of the Federal Property and Administrative Services Act of 1949, as amended, to permit agencies that need new or upgraded property to exchange or sell property and use the bulk of the proceeds to acquire or refurbish property that will support their missions better. In addition, the proposed amendments will streamline property management and disposal processes.
- Enhanced Federal Buildings Fund reprogramming authority across operating budget account lines (Rental of Space and Building Operations); i.e., up to 10 percent of each activity's new obligational authority amount, to provide greater flexibility to respond to customer requirements.

Mr. Chairman, this concludes my formal statement, and I would be glad to answer any questions about our accomplishments or proposed budget program.

FISCAL YEAR 1997 APPROPRIATIONS BILL

Mr. KOLBE. Thank you very much for your statement.

Let me begin, if I might, with some questions about an issue which has come up about the language in the 1997 appropriations bill.

You have asked for language this year in the fiscal year 2000 bill to correct language in the 1997 bill, which I might say was before I was on this Subcommittee.

So, I will pass the buck along on this one. Mr. Hoyer, you can take the responsibility for not having read the bill line-by-line.

Mr. HOYER. It is a heavy responsibility indeed, Mr. Chairman. I am going to have to make that admission.

Mr. KOLBE. Mr. Barram, would you tell us the nature of the problem that exists in the 1997 bill?

Mr. BARRAM. If you do not mind, Bob Peck can answer that.

Mr. KOLBE. Okay.

Mr. PECK. I will start and Bill Early will correct me.

The appropriations bill would sunset and would terminate all of our appropriations for our fiscal year 1997 construction projects that have not actually been obligated.

In other words, where before there has been language that said, if you have not gotten a start on a project within a certain number of years after the Congress appropriates, then the funds lapse.

This one said, that even where you have begun building a project, the funds will go away if all of the funds have not been spent.

Mr. KOLBE. Spent? You do not mean obligated. You just said obligated.

Mr. PECK. No. I mean obligated.

Mr. KOLBE. Is obligated the right term?

Mr. PECK. Yes, sir. In this case, what it could mean is as you pay out money as the project gets—

Mr. KOLBE. That is an obligation.

Mr. PECK. It is an obligation.

Mr. KOLBE. I thought the obligation was when you sign the contract.

Mr. PECK. No. In these cases, sometimes we phase the contract. So, we have one contract with obligations occurring by phase.

This is the first time that we have ever seen the situation in which we have the effect of actually stopping projects dead in their tracks when they are under construction. So, a technical change to the language is all we really need.

Mr. KOLBE. Let me just ask you this. When did you spot this error? Why did you wait until this year when we are coming up on the end of the fiscal year when all of this money would expire? Why did you not ask us to correct this last year?

Mr. EARLY. We were aware of the error. We were working with Counsel on clarifying what it really meant. We were verifying whether we have any flexibility at all.

Mr. KOLBE. You like cliff hangers. Is that what you mean?

Mr. EARLY. It would have been better if we had the technical change last year. We were probably figuring that you were wise about this and we were trying to work our way through it.

Mr. KOLBE. No. I do not think we were. At least, I was not wise about it. I do not know if Staff was, but I was not wise about it. So, what is going to be the impact if you do not get this change?

Mr. EARLY. As I said, we will literally have to shutdown some projects.

Mr. KOLBE. How many? How much? What are we talking about?

I have got a list here which shows us as of last November you had \$416 million that had been obligated out of the \$881 million adjusted appropriation. By this October, it will be obviously more than that, that will be obligated.

How much will remain unobligated out of that \$881 million? Do you have any idea?

Mr. EARLY. I would have to get you the number, Mr. Chairman.

Mr. KOLBE. I have a list, but it is as of last November.

Mr. PECK. We have a list that reflects the obligations through February and the projections.

Mr. KOLBE. That is what I really want, the projections.

Mr. PECK. We will provide that for you. It is by project. It is significant dollars.

Mr. KOLBE. You do not have that?

Mr. PECK. I do not have that with me at the moment. We will provide that.

[The information follows:]

**FY 1997 Construction Funding Projected to Expire
September 30, 1999**

P.L. 104-208: "Provided further, That all funds for direct construction projects shall expire on September 30, 1999."

<u>State, City, Project</u>	<u>FY 1997 Funding Estimated Unobligated Balance September 30, 1999</u>
CA, Fresno, Federal Building-Courthouse	\$ 1,833,000
CO, Denver, Federal Building-Courthouse	0
DC, Washington, Courthouse Annex	2,054,000
DC, Washington, SEFC Site Preparation	1,015,000
FL, Miami, Courthouse	0
FL, Orlando, Courthouse	3,048,000
KY, Covington, Courthouse	1,019,000
KY, London, Courthouse	1,663,000
MT, Babb-Piegán Border Station	0
MT, Sweetgrass, Border Station	0
NV, Las Vegas, Courthouse	4,276,000
NY, Brooklyn, Courthouse	145,839,000
OH, Cleveland, Courthouse	74,499,000
OH, Youngstown, Courthouse	15,813,000
OR, Portland, Consolidated Law FOB	36,178,000
PA, Erie, Courthouse Annex	0
PA, Philadelphia, DVA-Fed Complex PH II	0
SC, Columbia, Courthouse Annex	8,005,000
TX, Corpus Christi, Courthouse	1,728,700
UT, Salt Lake City, Moss Courthouse Annex	428,000
WA, Blaine, Border Station	1,080,000
WA, Oroville, Border Station	0
WA, Seattle, Courthouse	793,000
WA, Sumas, Border Station (Claim)	0
Security Enhancements	17,295,000
Non-Prospectus Construction projects	2,345,000
Total	\$ 318,911,700

NOTE: These estimated unobligated balances are for FY 1997 funds only. Any funding received prior to FY 1997 or after FY 1997 is not included.

Mr. HOYER. Mr. Chairman, would you yield?

Mr. KOLBE. Certainly.

Mr. HOYER. I was being somewhat facetious, obviously, at the point and was not aware of this glitch. I was not Chairman of the Subcommittee when this was passed. I do not want the implication.

Mr. KOLBE. We could find somebody else, I am sure, to blame for all of this.

Mr. HOYER. That notwithstanding, I presume what the attempt here was to make sure that money was spent in a timely fashion. Obviously this was not, in my opinion, what was intended.

I would hope that we could, in a relatively quick way, resolve this.

Mr. EARLY. The bill makes it clear that the construction funds are no year in nature. It also contains a provision that indicates that there is a desire of the Subcommittee that you start on these projects within 2 years and not wait.

It also has language indicating that starting design, preliminary design, just a few dollars spent in that area is adequate to indicate that it has started. Therefore, the clock starts ticking on the 2-year aspect.

That provision was added to our bill about 1981. In the 1997 bill, there were a lot of printers' problems with the printing of the bill. That provision just fell out totally.

Mr. KOLBE. Except you actually got a 3-year time. If it was fiscal year 1997, you are talking about October of 1996.

Mr. EARLY. It was the recognition of our budget shortfall issues and that there were probably going to have to be some delays because of the shortfall issues. Hence, the Congress and this Subcommittee made it 3 years at that time, recognizing that issue.

BROOKLYN COURTHOUSE PROJECT

Mr. KOLBE. Let me just, if I might, ask one more question before I yield to Mr. Hoyer on a specific project. We notice that little progress has been made on some projects since funds were provided in that fiscal year.

One of them that really stands out is the Brooklyn Courthouse. What is the delay there? Has construction begun? Can you give me an update?

Mr. PECK. I can give you the update on that. The Brooklyn project is actually two separate buildings. The one that has been delayed is new construction. There is a second phase which is renovation of an existing Post Office building.

The new construction project has been delayed. It has been delayed principally because when we went out with a request for bids to contractors, all of the bids came in above the budget that we have available under the appropriation. Our analysis of this was that, I mean quite honestly, the New York construction market is very hot. The costs are escalating so fast that they have gone beyond what we are allowed ordinarily to take into account for inflation.

We have gone back now I believe on our third round of actually taking space and other materials out of the project to try to bring it in within budget. At this point, I can tell you, our latest design will knock four floors off the project to try to get it within budget.

We have chosen to do that rather than try to come back here and get more money for the project. We think that this time we will go out for bids and get someone to come in within the budget. It is a very unusual situation.

Mr. KOLBE. I understand that some of the changes you have made are also not just space, but actually decrease the life of the building. Is that correct?

Mr. PECK. I do not quite understand what that would mean. We have not decreased the quality.

Mr. KOLBE. That is what I was referring to.

Mr. PECK. We have not withdrawn anything on the structure or the quality of materials in the spaces that we will build, save for possibly one in the public lobby. We have taken out some materials, as we often do, and substituted cheaper materials for more expensive stone.

Mr. KOLBE. So, you do not anticipate that the life of the project would be less as a result of these changes?

Mr. PECK. No, sir. Some of the space that we have taken out is space that would be available for the 30-year anticipated needs of the courts. That would have to be provided in a different way. I guess that is what someone was referring to.

Mr. KOLBE. I am sure that is what it was. Mr. Hoyer.

Mr. HOYER. Thank you, Mr. Chairman.

FUNDING FOR COURTHOUSE CONSTRUCTION

Mr. Chairman, did you want to defer courthouse questions?

Mr. KOLBE. No.

Mr. HOYER. We have discussed this, obviously. The courts are here as well. Judge Roth is going to be discussing this question with us. In 1998, GSA experienced a rent shortfall.

You overcame these difficulties in 1999. However, your request included no funding for courthouse construction. We had to add the funding in the appropriations process. Again, this year, there is no funding requested for courthouse construction.

Would you explain to the Subcommittee why this has happened?

Mr. BARRAM. Why we are not proposing funding?

Mr. HOYER. Yes.

Mr. BARRAM. The Administration's budget was designed to get us from a non-deficit into a surplus. After much consideration, it was decided that we would not include courthouse construction into this budget.

Mr. HOYER. Would you provide for the Subcommittee for the record your list of requests to OMB?

Mr. BARRAM. Yes.

Mr. HOYER. So we can have that for the record.

Also, if there was an appeal made to OMB's findings, furnish that as well.

Mr. BARRAM. We had extensive conversations. The final budget was not a shock to us. We knew these considerations were going on. We would be happy to provide you with that information.

Mr. PECK. You will see from what we submit, that we did request some courthouse projects; both in the national submission and in an appeal.

[The information referred to follows:]

FY 2000 Courthouse Construction Projects Not Approved by OMB

<u>State, City, Project</u>	<u>GSA Request October 9, 1998</u>	<u>GSA Appeal December 3, 1998</u>
AL, Mobile, Courthouse	\$ 7,285,000	\$ 7,285,000
CA, Los Angeles, Courthouse	18,032,000	34,649,000
DC, Washington, Courthouse Annex	99,004,000	99,004,000
FL, Miami, Courthouse	117,054,000	102,637,000
IA, Cedar Rapids, Courthouse	13,132,000	13,132,000
IL, Rockford, Courthouse	2,702,000	2,702,000
MA, Springfield, Courthouse	39,886,000	0
MS, Gulfport, Courthouse	37,001,000	3,572,000
NM, Las Cruces, Courthouse	1,847,000	1,847,000
NY, Buffalo, Courthouse	3,430,000	3,238,000
OR, Eugene, Courthouse	64,520,000	0
PA, Erie, Federal Complex	25,722,000	25,722,000
TN, Nashville, Courthouse	13,105,000	13,105,000
TX, El Paso, Courthouse	6,972,000	6,972,000
UT, Salt Lake, Courthouse	65,710,000	9,107,000
VA, Norfolk, Courthouse	9,285,000	9,285,000
VA, Richmond, Courthouse	18,706,000	18,706,000
WA, Seattle, Courthouse	169,320,000	153,387,000
Total	\$ 712,713,000	\$ 504,350,000

Mr. HOYER. Does OMB contemplate reinstating the courthouse construction schedule, as far as you know, at any point in time?

Mr. BARRAM. OMB is not committing to what next year's budget will look like. None of our conversations have ever been, well, let us get rid of this whole courthouse program. It is not that at all.

I think we all still believe this is the thing we need to do over a period of time. It is just that this year, we did not put any money in our budget request.

Mr. HOYER. Let me reiterate that. My next question is do you agree that the Judiciary plan, which has been submitted, the 5-year plan, is important and the space is needed by the courts?

Mr. PECK. Yes

Mr. HOYER. Is that a simple yes?

Mr. PECK. Yes.

Mr. HOYER. Are there other reasons, than overcrowding, that these new facilities are needed? In other words, security concerns, as well as overcrowding.

Mr. PECK. We believe it is true, that there are, in a number of courthouses, serious security concerns that need to be addressed. There are clearly places, too, where there are not sufficient courtrooms in other facilities.

Mr. HOYER. Mr. Peck or Mr. Administrator, did GSA perform an economic analysis of these courthouse construction projects? Did you conclude that construction is the most cost effective way to provide this space to the courts?

Mr. PECK. Yes, sir. I should note that with respect to courthouse construction, although we conduct an economic analysis, it is not conducted the same way we do on general office space, because our general assumption, and in fact the scoring rules tell us, that once you build in all of the security features that you have to for a courthouse, and when it is designed a certain way, it is not a commercially comparable building.

It cannot meet the scoring rules. You are forced by all of those things to build a Federal courthouse. It is also true that when you look at the numbers, it is cheaper for the Government in the long-run to build rather than lease a courthouse.

Mr. HOYER. Now, given that and given the fact that you have said, as I understand it, that these are necessary, what will the impact on the cost of construction for courthouses be, if Congress does not add the necessary funds this year?

Now, obviously, you have just indicated in New York if we continue to defer, the costs are escalating rapidly. Across the board, have you made a determination as to how much delay will cost us?

Mr. PECK. It would be hard to project. It is really market-by-market. If I were to say, and I know last year people made calculations if you just assume a 4 percent inflation factor, you can figure out how much more this is going to cost.

In some few markets in the Country, the inflation costs in the construction market are less than that. In most markets, I have to say, they are more than that.

Mr. Hoyer, one thing I should also note. The Director of OMB made a statement about the court program when the budget came out.

One of the things he noted and would probably say, if he were here, about the inflation, is that the Administration believes that there are certain cost savings that we can still wring out of some of the courthouse projects.

It is conceivable that some of those cost savings might, in part, offset some of the inflationary costs that we are talking about.

COURTHOUSE APPROVAL PROCESS

Mr. HOYER. My last question, if I might Mr. Chairman, on this round that I would like to ask, and I have a lot of questions. The courts are proposing that we eliminate OMB as the middle man and propose their court construction needs directly to Congress, with the resulting funding going, of course, to GSA still.

Do you have an opinion on such a plan? If so, would you like to give it to us?

Mr. BARRAM. I am sure we both have one. I think we do a real good job at this. It does not make much sense to me to stop us from being the ones who manage this courthouse construction project process.

Mr. HOYER. I do not think the proposal, as I understand it, contemplates your not managing the courthouse projects. What the proposal contemplates, and what the Judiciary's position is, as I understand it, is they ought to be able to come directly to the Congress and not go through the Executive Branch, in light of the fact that they are a co-equal branch of Government.

Judge Roth, I am sure, will discuss that argument at greater length, Mr. Chairman. What I am really asking is do you see any practical problems with that proposal, not necessarily conceptual, but practical?

Mr. PECK. Let me note, too, the Judiciary proposal would also have the Judiciary basically set the scope in budget for each of the projects. We have worked very hard on a bench marking system in which we figure out what the cost of a project should be.

We think it is an important check and balance, quite honestly, on the courthouse program. Second, GSA's role is the Government's central real estate agent. It is one that actually works. When I worked in the staff in the Senate, I was not always sure that was true, but I think it is.

One of the things that we do; courthouses do not just house the Judiciary. They often house some Executive Branch agencies.

There are some economies that we realize from being the Government's central agent, and being able to look at a given locality and say this building can hold the courts, and also the U.S. Attorneys, Marshals Service, and some other agencies that logically might go in a courthouse building.

So, we can take, I think, a broader analysis than the courts might be able to in coming up with a program themselves.

Mr. HOYER. Thank you.

Mr. PECK. May I just say for all of that, we have a very good partnership with the courts and, on most projects, a very good dialogue back and forth about costs and scope of the projects.

Mr. HOYER. Thank you. Thank you, Mr. Chairman.

1122 PROGRAM

Mr. KOLBE. Thank you.

We have a number of members here. So, I am going to try to keep us all into the 5 minute rule. Mr. Price.

Mr. PRICE. Thank you, Mr. Chairman.

Mr. Barram, let me add my welcome to you and your colleagues. We are glad to have you here this morning. I would like to focus on GSA's role in procuring supplies and services for the Federal Government.

Supply and Procurement is one of the business lines funded via the General Supply Fund. Because the GSF is a revolving fund, it operates at no cost to the Federal Government and in fact yields a modest profit.

According to your budget request, you anticipate income from Supply and Procurement of almost \$1.374 billion, and expenses of about \$1.334 billion, for a net profit of about \$40 million, as I understand it.

That is roughly 25 percent of your total estimated profit for GSF as a whole. Is that correct?

Mr. BARRAM. Yes.

Mr. PRICE. Now, as I understand it, you administer a program along with the Defense Logistics Agency and the Army that was authorized in the fiscal year 1994 Defense Authorization Bill.

That is the State and Local Law Enforcement Equipment Procurement Program, commonly referred to as the 1122 Program. Do your Supply and Procurement figures include the revenue and expenses you anticipate from the 1122 Program?

If not, what are the profit figures for the 1122 Program?

Mr. BARRAM. More than likely not because I think the 1122 Program is a schedule; a multiple award schedule.

So, we end up putting the schedule together to let Federal agencies make purchases, except in this particular case, in this particular schedule, non-Federal law enforcement agencies can buy on it.

We get a one percent fee which is used to fund the activity. So, the one percent fee would be in the Federal Supply Revolving Fund, but not the total revenue.

Mr. PRICE. The one percent fee, the profit so to speak, is included in that figure Supply and Procurement.

Mr. BARRAM. Yes. I believe that is right.

Mr. PRICE. If that is not correct, I would appreciate your clarify that for the record. Also, what are we talking about here; the income from that fee?

Mr. BARRAM. On the 1122 Program?

Mr. PRICE. Yes.

Mr. BARRAM. It is very, very small, but I do not know what it is. We will provide you with that also.

[The information follows:]

The funding mechanism for the 1122 program is the same as that used for all FSS supply and procurement business line programs and customers. For the last decade, these programs have received no Congressional appropriation. The 1% fee, mentioned by Congressman Price, is the across-the-board cost recovery fee that the Federal Supply Service receives from all Federal Supply Schedules contractors to cover the cost of FSS contracting operations.

In establishing the 1122 program, a simple system for processing orders was agreed upon. The small fee paid by state and local governments for FSS processing orders against Federal Supply Schedules was the same as that applied to all Federal customers benefiting from this special order program. Since the inception of the 1122 program, that fee has been between 3.5 and 4% for all orders but those for motor vehicles, which receive our standard 1% for our consolidated buys.

We project that at the current rate of business from 1122 accounts, that business sector will represent only 0.02% (approximately \$2 million) of our anticipated end of year (fiscal year 1999) business volume for our stock, special order and schedules programs.

Mr. PRICE. That is not my main concern here. My main concern is some of the indications we have that your implementation of this program may be running counter to Congressional action and intent.

In 1997, as you know, Congress repealed Section 1555 of the Federal Acquisition Streamlining Act or FASA. That program would have given State and Local Governments and Federally-funded entities the ability to purchase goods and services off of the Federal Supply Schedule.

That sounded like a good idea. It was not an idea, however, that bore scrutiny. In the end, it could well have cost State and Local Governments money because it would have forced small local businesses out of business.

It would have eroded the local tax base. It was very decidedly a mixed bag. It possibly could have cost the Federal Government money in the long-run, too, as the discounts that are now enjoyed by agencies, like the Veterans' Department, would have been diluted and major suppliers would have come under increased cost pressures.

In any event, FASA was repealed. As I understand it, Section 1122 was envisioned as a means of assisting State and Local law enforcement agencies to purchase the equipment they need to fight the war on drugs—a quite specific, somewhat narrow purpose.

When I review the schedule of items available via 1122, which was expanded significantly in February, I see a lot of items that do not look to me like drug interdiction equipment.

How do you fight the war on drugs with Schedule 62-1, lighting fixtures and lamps for household and quarters use, for example; or Schedule 73-3, food service equipment; or Schedule 72-1(a), floor coverings?

I think you have literally put everything on that list, including the kitchen sink. It simply defies logic to claim that many of these products are needed for drug interdiction. How do you explain the expansion of this program?

It looks to me like it goes far beyond the authorization. It looks to me like it is circumventing clear, Congressional intent on the issue of access to the Federal Supply Schedule.

Mr. BARRAM. We are going to have to get back to you on that, Mr. Price. We have a lot of schedules. I, obviously, do not know a lot about all of them. It could be that we have things on that schedule that go beyond the definition that you described.

We certainly do not have everything on those schedules because we have all of the other schedules, too. It would be unlikely to have lighting fixtures on every schedule. That just would not make sense.

So, we will have to look into that and get back to you on that. I think I understand your question. I certainly hope we are not doing something that we should not be doing there. I will have to get back to you.

Mr. PRICE. All right. Please do that. I do think there is some pretty serious evidence here that this program may be going beyond its proper bounds.

[The information follows:]

The law enacting the 1122 program gave a never broad definition of what was eligible under the program. The quote from the section, "The term 'law enforcement equipment suitable for counter-drug activities' has the meaning given such term in regulations prescribed by the Secretary of Defense. In prescribing the meaning of the term, the Secretary may not include any equipment that the Defense Department does not procure for its own purposes."

In order to avoid any potential misuse of the Schedules, all orders under the 1122 program must be forwarded by the law enforcement entity to a State Point of Contact (SPOC). The SPOC, who is appointed by the governor of each state, is responsible for verifying that the product to be acquired will, in fact, be used in the performance of a counter-drug mission. By having the SPOCs scrutinize every order, we have a "control" in place to ensure that the products acquired under the 1122 program are used solely as authorized by the statute.

Although we believe that we are in compliance with the law and Congressional intent on this program, we will nonetheless undertake a thorough review of the 1122 program. We will work with the Committee to resolve any discrepancies between our actions and Congressional intent.

Mr. BARRAM. In general, you are not arguing against the idea of the specific use of the schedule for law enforcement.

Mr. PRICE. I am not arguing against the authorization that now exists and action pursuant to that. I am questioning very seriously whether maybe this has gone way beyond the intent of the statute and may be pretty far out of bound—especially, in light of the action we took with respect to the related issue with FASA.

Mr. BARRAM. Okay.

Mr. PRICE. Thank you.

NATIONAL PARK SERVICE BUILDING IN VAN BUREN, MISSOURI

Mr. KOLBE. Mrs. Emerson.

Mrs. EMERSON. Thanks, Mr. Chairman and gentlemen.

My first comment just simply reflects that of the Chairman and Mr. Hoyer about the need for courthouses; particularly my State of Missouri which, at the moment, and probably for the foreseeable future has the largest of methamphetamine lab busts in the Country.

We have such a backlog of cases that cannot be tried because we do not have enough courthouse space. So, I would like to reiterate my general desire to see that budget increased.

My first question is fairly specific to my District. Mr. Peck, it probably will go to you. I suspect that you will have to get back to me on it. It has to do with the National Park Service building in a town called Van Buren, Missouri, which currently pays about \$12 a square foot for the facilities.

It is a nice facility. The Town of Van Buren is very small. I would say the average price of a home there is somewhere in the \$15,000 to \$25,000 range. However, the Park Service is having a new building built by you all and the new cost is going to be \$23,000 a month for rent.

It seems to me that the Park Service does not need a Taj Mahal in a town where the average cost of a house is less than the monthly rent paid by the Park Service. I just want to get some information from you about that.

What was the proposed contract cost of the facilities? How does that compare with the original proposal? What is the current status of the facility? If you could just get back to me on that, I would be very, very grateful.

It seems an outrageous amount of money to be spent. They are going to have to cut the number of employees working there because of the cost of this.

Mr. PECK. I do not know this project at all. I can state almost for a fact, because I have never heard of it before, that it is not a Federally-constructed building.

So, the private sector has to be putting it up, which would, under our rules, have to have been competed. So, I will take a look and find out how it came out that way.

Mrs. EMERSON. I just want the information on it. It seems outrageous.

[The information follows:]

NATIONAL PARK SERVICE OFFICE SPACE, VAN BUREN, MISSOURI

The National Park Service currently occupies 8,677 square feet of office space leased in 1984 for \$7.45 per square foot. Because the National Park Service has outgrown this space and there is no other office space in Van Buren, the General Services Administration (GSA) solicited offers for a build-to-suit lease to provide 16,000 rentable square feet of standard office space. In addition to housing twenty-six employees of the National Park Service, this larger office space will also accommodate seven employees of the Forest Service, three employees of the Natural Resources Conservation Service, three employees of the Missouri Department of Conservation, and a 1,400 square foot lobby where educational exhibits will be displayed for visitors.

GSA received twelve competitive offers and awarded the project to Young Development for the best value to the government. The twenty-year contract is for \$17.50 per square foot, which calculates to a Net Present Value of \$9.95 per square foot. Compared with the eleven other offers and based on market information for southern Missouri, this was an extremely fair and reasonable offer.

The facility will be constructed in the middle of the Ozark National Scenic Riverways on a former Civil War campsite. The lessor is responsible for extensive archaeological mitigation required by the State Historic Preservation Office and the National Park Service. This mitigation has been underway for approximately three months, and many artifacts have been uncovered. They will be displayed for visitors to the new facility.

GSA has worked extensively with the National Park Service, Forest Service, State Historic Preservation Office, and the lessor not only to meet the need for fiscally prudent office space but also to provide a focal point for visitors to the area. The building was designed for a large number of visitors.

PER DIEM RATES

Mrs. EMERSON. My next question has to do, Mr. Barram, with per diem rates. Tell me what the procedures of the data formulas are. How do you come about determining what per diem rates are?

Mr. BARRAM. Let me say a couple of things about per diem. Number one, there are some plus and minus controls on it. If a rate is too low, the industry marketplace says something. If the rates are too high, the Government user says it is too high. That is important to note.

Second, there are a couple of interesting elements that I think we ought to think about here. Number one, last year we changed

from putting per diem rates together for broad metro areas into some smaller areas.

We have 8,000 places where people travel in the Government in the Country. Most of them are served by a base rate, which is \$50 for lodging and \$35, I think it is, for food, but 587 of those we have special rates for.

We used to lump them into metropolitan areas. We have broken them out into some suburban and metropolitan areas. Each county or a county with a big city will have it, which may be different from an adjoining large city.

That is one of the reasons that we have a big change this year. Third, the law requires that Federal travelers stay in fire-safe hotels and motels certified by the hotel and the motel and these establishments are then put on a list that FEMA keeps.

So, we calculate these rates by surveying these areas where Federal employees travel. We survey the hotels and motels. If they do not tell FEMA that they are fire-certified, we cannot include them in how we calculate the rate.

We have had an ongoing struggle, I guess is the way to say it, over the past number of years to push hotels and motels to get certified. A lot of them are obviously certified, but do not say it, for whatever reason.

So, we end up with unfortunately too small of a sample. There is a fourth thing I want to say. There is a process for fixing things that do not work out right. Last year and the previous year, we had maybe one case where we had to go back in and fix it.

If a Federal agency wants a revision, they have to initiate it. We will quickly review their request. This year we have had maybe 10 cases that we have been reviewing.

I think we have, how many members of the House, 435? We have about that many letters. I am serious. We changed something else that has to do with the tax rate, which we can talk about if you would like; the taxes on a hotel.

The effect is that we have gone back and changed, I think, maybe 10 different parts of the different areas. We are doing a couple of other things that are important. A hotel has to be a 2- or 3-star diamond rated hotel or motel for us to include it.

We are considering making the 3-star hotel more the emphasis. We are also looking at making conference facilities, you remember the letter that you sent to us, Congressman Wolfe.

Conference sites are often out in areas where the hotels and motels may have a lower rate, but they charge a higher one.

So, we are looking at a different kind of an accommodation, such as a resort area for a conference. So, we are doing a lot of different things. I do not know how much detail you want to go into on this subject.

Mrs. EMERSON. I was just curious, having heard from several of my small hotels in my District.

Thank you.

COURTHOUSE CONSTRUCTION PROGRAM

Mr. KOLBE. Mr. Peterson.

Mr. PETERSON. Good morning. Thank you, Mr. Chairman.

Thank you for coming before us this morning. I want to go back to the courthouse issue. It just seems to me that the statements you made, I guess, bothered me a little bit, that the reason courthouses were left off is in the desire to balance the budget. If every department of Government said we are not going to do any infrastructure improvements in this Country to balance the budget, when we did balance the budget, we are suddenly going to have a backlog, which is going to cost us double or triple.

The infrastructure development is vital. Is that really what you meant to say?

Mr. BARRAM. You can sort of look at this in a couple of ways. Bob will comment on this in a second, too. We work very hard with OMB and this Subcommittee to ensure that we will end up with a significant amount of money to keep the repairs and maintenance up on our existing buildings.

It would be easy to let that go and build new courthouses. You know, you all might get your name on one of them. Who knows? Not that that would drive anybody. I feel very good about a couple of things.

One, we have with the courts a 5-year plan that Mr. Hoyer mentioned that says what the priorities are. So, it is not just random.

This is a sensible plan that we have worked out with the courts. It reflects their expectations and their wishes. The other thing I feel good about is that we are focused on maintenance and repair and that is good.

We have a big budget. Courthouse spending is a big chunk of money, in a time when we are working on a very difficult budget. I understand the Administration's reasons. It was not a 99:1 decision. I am sure it was more like a 52:48 kind of decision. But that, in the end, was the decision. That is where we are.

PATENT AND TRADEMARK OFFICE

Mr. PETERSON. I personally think that is short-sighted, but we will go on. I guess most of us hoped that the day of the \$500 hammer was over, but a recent report submitted by the Patent and Trademark Office calls for spending \$9,000 per employee for new furniture.

There are some listings here; 8,280 trash cans for \$83 apiece. I guess the hardware price, store price, of the good ones are \$12 to \$15; maybe a deluxe for \$19. Then there are 20 trash cans for \$870 apiece. I just have no idea.

I am a retailer. So, I have no idea what an \$870 trash can looks like; 19 sets of bedding for \$500. I hope they were cashmere because I cannot think of any sets of bedding that would cost less than \$500.

Four modular tables for \$13,298 apiece. If that table you are sitting at was even Pennsylvania Black Cherry, which is one of our finest woods, it would not cost \$13,000. I guess I could go on. Nine coat racks for \$1,000, which normally cost \$104. How does this happen?

Mr. PECK. May I answer that question?

Mr. PETERSON. Sure.

Mr. PECK. Mr. Peterson, the numbers that were given you, I have to say this is one of the most misleading instances in Govern-

ment, and I have been in and out of Government. I have done real estate on the private, state, and the public side.

This is one of the most disingenuous pieces of data I have ever seen purveyed by a bunch of lobbyists. Let me explain why. The PTO solicitation is about a project on which Congress has set a limit on the amount of money we can spend.

It is a leased building. The lease includes 2 million square feet, which is a lot of money no matter how little you are paying on rent per square foot. We will pay, by the way, a lower per square foot rate for the Patent and Trademark Office when we move into this new facility than they are paying at present.

All of the numbers that you cite were apparently put into some kind of a book which described exemplary, it is hardly exemplary, costs. The kinds of costs one could pay on various kinds of items.

The bottom line is this. We are going to pay for PTO \$24 per square foot. If the private sector developer who built this building is dumb enough to spend \$1,000 on a trash can, then that is his or her problem.

It is not anything that the Government is requiring or condoning. We are simply buying finished space. The numbers that somehow got into this book have nothing to do with the costs that the Government will eventually pay. To be clear, neither GSA nor PTO required, requested, nor suggested that any of those costs be put into the building.

Mr. PETERSON. So, these are not figures that anybody paid for anything.

Mr. PECK. That is correct.

1122 PROGRAM

Mr. PETERSON. I would like to go back to Mr. Price's area of concern. I was not here then when they told you not to do national purchasing for Local Governments, which certainly has some huge implications.

It appears you used an opportunity here to do some reaching. The list that was given certainly had little impact on drug interdiction. How did that happen?

Mr. BARRAM. We really need to get you the facts on this. I think, I believe and I hope that this will not be as big a problem as it might seem at first.

Remember though, we set these schedules up so that our Federal agency customers can buy, can compete, get products from companies that are on this schedule that we say are good and have set a good low price.

Then our customers can even try to get a lower price from them. So, they really work and our customers really like them a lot. Each schedule has parameters. If you have a schedule for handguns and rifles, I would be surprised if there were kitchen sinks in such a schedule.

We will look and see. I just do not know. I will be surprised if it is a real big problem. I hope it is not. Maybe I should say it that way.

Mr. PETERSON. This list was for local agencies; right? So, you were going back to the concept of Local Governments purchasing.

Mr. BARRAM. Was it local or was it for general Government; Federal and Local. Law enforcement.

Mr. PETERSON. Thank you very much.

Mr. BARRAM. We have just allowed or you have just allowed the Local and State to buy under it. It is the same one, that I imagine, the FBI would buy from.

Mr. PETERSON. Thank you.

CHILD CARE

Mr. KOLBE. Mr. Forbes.

Mr. FORBES. Welcome gentlemen. I appreciate your being here today. Administrator, I wanted to touch on a subject that is near and dear to my heart. You have heard ad nauseam from me. We started a discussion about this last year.

It really harkens back to something that I think that the President has made a very high priority for his Administration and had no fewer than half a dozen Executive Statements or Orders in regard to child care. I do appreciate that GSA, I believe and I know under your leadership still considers setting the example, if you will, for the Nation and working with other Federal agencies to get child care facilities; not just for Federal employees, but the private, public partnerships that we all look forward to; particularly, in the era of Welfare reform.

I think we have a greater need than ever before to set the example. A year ago we talked, at this kind of a forum, about the Central Islip Courthouse, and I appreciate that GSA is helping to move that forward.

We are all very, very proud. I would like to align myself with the comments of Mr. Hoyer and others who have expressed concern about the construction of courthouses. I very much am supportive of the Brooklyn Courthouse Project and hope that we can move that forward.

I am thankful also that Central Islip on Long Island is going to be a reality next year. In light of that, the Chief Judge of the Eastern District of New York, Judge Sifton, has expressed very strong support and approval for a child care facility at the new Central Islip Courthouse.

He has also checked with the Judicial Conference and they find this to be very much in line with their policies. We communicated in September with GSA.

I was assured that once the courts actually signed off and approved of a child care facility that a meeting would take place between the courthouse personnel, both Local, State, and of course Federal, as well as law enforcement, the U.S. Attorney's Office and others.

I have to tell you, Mr. Administrator, I am here today expressing great, great frustrations 6 months later that nothing has happened on that score.

I was wondering if you would comment. Is child care slipping at the agency because you have got other priorities or other demands?

Mr. BARRAM. Absolutely not.

Mr. FORBES. Fewer resources?

Mr. BARRAM. Absolutely not. We are just as committed to it as ever and maybe more so. Bob can comment on some of the specifics here. In fact, why do you not go ahead.

Mr. PECK. Mr. Forbes, two things; one is child care is a very high priority. One of the performance measures that we track every quarter is the percent of our child care centers that are accredited.

We have a higher accreditation rate—

Mr. FORBES. It is 67 percent, I think.

Mr. PECK [continuing]. By a lot more than the private sector, which is way under 50 percent. We are gaining on the Defense Department, which is the Government leader. We have set up a Center of Expertise run out of New York City, in fact, to make sure that the people who oversee our child care centers are qualified and supervised by people who are qualified. On Islip, I am going to have to get back to you because the information I had was that we were reaching out.

The problem here was that our market survey of the occupants of the courthouse said we would not have enough children to sustain a child center.

But that we probably could if we partnered with the nearby State courts and possibly a private corporation also in the area. I have been told that those explorations have been going on. I will get back to you and find out if they have indeed.

Mr. FORBES. If we could please.

[The information follows:]

CHILD CARE CENTER, CENTRAL ISLIP, NEW YORK

The Central Islip Court Complex is scheduled for completion and staggered occupancy beginning in 2000. A child care center would be scheduled to open after all of the tenants are in place. To start the process, we conducted an electronic On-site Child Care Needs Assessment Survey in early February 1999. We sent surveys to employees of all the agencies that are potential tenants of the Courthouse—the U.S. Attorney, Probation and Pre-Trial Services, U.S. Trustee, U.S. Marshals Service, U.S. District and Bankruptcy Courts. We received 100 responses. The responses indicated Federal employee interest but not sufficient to sustain a center without a community partner. Only 41 children were of the ages of children in our centers. We are exploring the possibility of a cooperative effort with the New York State Courts, which are adjacent to the Federal Court Complex, and have asked them to conduct a survey of their employees. In addition, we will contact private corporations in the immediate vicinity. In all of our child care centers we partner with Federal agencies and the communities where the centers are located. As of October 1, 1998, we serve approximately 7,650 children in our 112 centers and 3,350 of them—44 percent—are from the community; i.e., children of other than Federal employees.

Mr. FORBES. Mr. Peck, I do not think there was a formal survey, per se. I am getting some very strong feed back from the same kind of personnel who are very excited about the prospect and, like you folks, proceed with the IRS facility.

The idea of public private partnership there—I think there is going to be tremendous demand with the number of employees there.

Mr. BARRAM. That is a big enough site. I think it is 29 acres or some size like that. We could have a free-standing site, which would be wonderful. We will take seriously your concerns.

PROMOTING CHILD CARE

Mr. FORBES. I would appreciate it if we could maybe move this forward. I wanted to just get from you, if I could, how much of the

GSA budget by dollars is dedicated to promoting child care and co-operative arrangements with the other Federal agencies?

Mr. BARRAM. I will have to get that to you.

Mr. FORBES. Would you, for the record.

Mr. BARRAM. It is less a direct expenditure than it is an abatement of rent in the child care spaces. And some capital contribution to the actual build-out. I will get you that number. We have a Center of Expertise as Bob mentioned.

[The information follows:]

CHILD CARE PROGRAM EXPENDITURES

The child care program in the Public Buildings Service operates child care centers in GSA-controlled Federal facilities. In FY 1999 this program has a budget of \$2,324,000 which provides GSA employee salaries and benefits, resource materials, center health and program reviews, board training, a national training conference, etc. The centers are operated by private contractors, whose expenses are not included in this figure. An additional \$1,762,000 is budgeted for center equipment, and \$3,600,000 is budgeted to modernize the centers. \$2,290,000 is budgeted for glazing windows to make them shatterproof.

HUMAN RESOURCES DEDICATED TO PROMOTING CHILD CARE

Mr. FORBES. How many people do we have dedicated to promoting child care at GSA? Maybe you could provide that for the record if you would, please, as well.

Mr. PECK. I can get that for you. There is a child care coordinator in each of our 11 regions. I think all of them are full-time. You could multiply that by probably 2 or 3. I will get you the numbers on that.

[The information follows:]

CHILD CARE PROGRAM EMPLOYEES

The child care program in the Public Buildings Service (PBS) operates child care centers in GSA-controlled Federal facilities. There are 23 PBS employees in the program. Eight are in the Child Care Center of Expertise and the remainder are in our eleven regional offices. The centers are operated by private contractors, whose employees are not included in this figure.

CHILD CARE CENTER ACCREDITATION

Mr. FORBES. Finally, if I may, 67 percent of the GSA-sponsored child care facilities are accredited. What is being done to move that to 100 percent?

Mr. BARRAM. Well, actually we have discussions in each facility with the operators. We do not actually operate the child care centers. There are private sector operators who operate them for us.

In each case, where they are not accredited there is a plan in place to get them to accreditation, under the standards. By the way, they are not our standards. They are the standards of the National Association for the Education of Young Children.

As you know, it will never be 100 percent. It is going to be less than that because when you change hands, when the new operator comes in, I think you start the process over.

It takes a number of months, maybe a year or two to get there. So, 67 is really very good. I think the national average is 15 or 5. It is very low.

Mr. FORBES. I think Congress has already expressed some concern about child care facilities that do not meet accreditation

standards. Hopefully, we can have the government set the way in this regard.

Thank you very much.

MINORITIES, WOMEN AND SMALL BUSINESS CONTRACTING

Mr. KOLBE. Mrs. Meek.

Mrs. MEEK. Thank you, Mr. Chairman.

Welcome again. I think most of my issues have been covered. I will just state them and I will mention one last one that I have not heard.

First of all, like most of the other members, I am very interested in the courthouse construction situation, and in contacting the construction program, in that Miami is on the list of those cities that are supposed to get a new Federal courthouse.

The Courthouse is a valuable asset in our community. The District desperately needs the space. The Judicial Conference has said so, plus the Judges in my own District say so; we know that when we go to visit them.

Mr. BARRAM. So do we, Congresswoman Meek.

Mrs. MEEK. Also, in each committee I attend, I hear a lot that sounds like interference by OMB in the budget process. Of course, that is an inference which I think may be a sound one.

It is something that we need to look at as a Congress in order to keep the budget process operation in a way that the people will benefit and that our goals will be met.

The other issue has to do with the Reagan Building and its security, which I am sure that someone else has mentioned already. I am concerned about that.

The last topic concerns GSA's record in creating opportunities for minorities and women. I mention this issue in all of the committees. I have not received any reports recently from GSA in that regard. I would certainly like that to be a part of the record, Mr. Chairman, in terms of what GSA's gains are and how GSA is achieving the equal opportunity we all talk about around here for minorities, women, and small businesses.

As I read your report, you out-source almost everything. I mean, everything is out-sourced. So, in that regard there are a lot of contractual kinds of arrangements GSA makes in the marketplace. That is a whole heck of a lot of money.

So, I would like to know just how you are doing this; how fair that process is. My last question is one of a local issue. You will only have to address two of my questions; the minority issue and women; and the one concerning Dade County.

For years, we have had a situation that I would like to know what GSA is doing to solve it. None of the local politicians have been able to do it. I have not been able to solve it.

It has to do with the local Immigration building. In trying to place it in another part of the City, you run into a lot of obstacles. I would just like to have an update on that.

You do not have to tell me here. You can send it to me by private messenger or whatever way. I would like to know what is going on with that particular facility. There was a big outcry, as you know, from the locals. I would just like an update on that.

Mr. BARRAM. Let me, if I can, sort of walk through those quickly. We should talk about the Ronald Reagan Building security. We can do that in a minute or now. I am not always OMB's most ardent defender as Staff behind me would find that amusing.

They do have a major role to play in managing the budget for the Administration. So, I think we have a very close working relationship with them.

We are working very hard on women and minority contracting. We do out-source. We do contract. We put a lot of contracts out there. We also ask and require people to follow the rules of the Government.

We do not just set the rules, we do something else very unique in GSA that I think is very powerful. That is we have an Office of Enterprise Development. We go meet with, hold seminars with women and minority-owned businesses, and small businesses. We hold seminars to try to help them figure out how they can deal with the Federal Government; how they can get a contract.

So, we are very active in doing that. It has made a lot of difference. Our numbers are very good. You do not know Ms. Dietra Ford? I will ask Dietra to give you the latest information that we have on how we are doing against our goals, which are very good.

On the INS issue, Bob Peck is going to answer that.

IMMIGRATION AND NATURALIZATION SERVICE

Mr. PECK. I will have to do it in writing. I do not know the latest on that. The last time I remember being updated on this was about 6 months ago. Things change too many times in these things. I will do that.

[The information follows:]

**INS Consolidation
Miami, Florida**

Space requirements for the Immigration and Naturalization Service (INS) in the Miami, Florida, area have grown from 110,000 square feet in 1989 to a current projection of approximately 300,000 square feet.

INS has 720 employees -- co-located with 97 employees of the Department of Justice (DOJ) Executive Office for Immigration Review -- in 245,670 square feet of space in five separate locations in downtown Miami (the 17th Congressional District).

Leased space

- INS District Office -- 495 employees
City Center Building, 7880 Biscayne Boulevard (106,741 square feet)
Lease expires 4/21/03
- INS Asylum Office and INS Naturalization Lab -- 169 employees
77 SE 5th Street (56,055 square feet)
Lease expires 9/22/02
- INS Organized Crime Drug Enforcement Task Force (OCDETF) -- 14 employees
Lincoln Square, 18441 NW 2nd Avenue (3,632 square feet)
Lease expires 05/08/00
- INS Attorneys -- 32 employees
DOJ Executive Office for Immigration Review (EOIR) -- 81 employees
U.S. Attorney Building, 155 S. Miami Avenue (70,908 square feet)
Lease expires 4/24/00

Government-owned space

- INS Office of International Affairs -- 10 employees
DOJ Executive Office for Immigration Review (EOIR) -- 16 employees
Claude Pepper Federal Building, 51 SW First Avenue (8,334 square feet)

To accommodate INS's growing space requirements and its request for consolidated office space, the General Services Administration (GSA) issued a solicitation for lease construction offers in 1989. To accommodate subsequent increases in space needs, GSA issued a solicitation for larger space in 1991 and again in 1994. For example, the 1994 Violent Control and Law Enforcement Act resulted in an increase in the number of employees from 492 to 763. Between 1989 and 1994, INS increased its space requirements five times -- from 110,000 to 214,607 square feet. In 1995, Congress approved an amended lease prospectus for 214,607 square feet.

In August 1996, GSA completed an Environmental Assessment and issued a Finding of No Significant Impact for a lease construction project -- a 214,607 square foot building with 885 parking spaces (777 outside and 108 inside) -- at NW 41st Street and NW 97th Avenue in western Dade County, Florida (the Doral area). The site is in the 21st Congressional District. INS had planned to consolidate its District Office and Asylum Office as well as the DOJ Executive Office for Immigration Review in this space. Because of strong Doral community opposition to location of the INS at this site, GSA elevated the impact analysis and initiated an Environmental Impact Study (EIS) in September 1996. The EIS was completed in May 1997 with a Finding of No Significant Impact. However, the Doral community continues to oppose location of the INS at this site.

INS has been offered other sites -- one in an industrial area north of Doral and another downtown in the Brownsville neighborhood. INS has refused these sites and does not want to cancel the project.

In the meantime, INS space requirements have continued to grow. The current, unconfirmed projection is approximately 300,000 square feet. Since the proposed Doral site cannot accommodate a larger building, INS currently plans to consolidate only the INS District Office (495 employees) and the INS Naturalization Lab (100 employees) in this space. INS does not plan to relocate the INS Organized Crime Drug Enforcement Task Force (14 employees), the INS Asylum Office (69 employees), or the INS Office of International Affairs (10 employees) from their current downtown (17th Congressional District) area.

In April or May 1999, the DOJ Executive Office for Immigration Review (EOIR) plans to move its 16 employees from the Federal Building to join the 81 EOIR employees (and their associated 32 INS attorneys) in the U.S. Attorney Building at 155 S. Miami Avenue. This lease expires in April 2000. To satisfy DOJ's request for consolidated space that is in the same downtown area, GSA is preparing a solicitation for offers for a 10-year lease of approximately 66,000 square feet of office space in the central business district (17th Congressional District).

[Note: This INS consolidation project does not include the Krome Detention Center at 18201 SW 12th Street or the Foreign Inspection Service at the Miami International Airport.]

Mrs. MEEK. Thank you.
Mr. KOLBE. Mr. Wolfe.

LOUDOUN COUNTY PER DIEM

Mr. WOLFE. Thank you, Mr. Chairman.

Welcome. Two issues; one, if somebody from GSA could come by the office to talk about it, is the Loudoun County per diem issue. Loudoun County is the third fastest growing County in the Country.

It is the County that Dulles Airport is located in, which has 15 million flights a day, which is—passengers. A large portion of FEMA's employees are located in Loudoun County.

Their per diem dropped 30 percent. Several of the conference centers and the convention centers out there are just somewhat shocked with it. So, without taking the Subcommittee's time, if you or somebody could come by and sit down, we can go through this.

They have some concerns about the records that were kept in Richmond and were lost when GSA out-sourced the contract. I would just like to try to resolve the issue.

Mr. BARRAM. We will be happy to do that. We wrote you a letter.

Mr. WOLFE. I got it.

Mr. BARRAM. We will be happy to do that. Again, it goes to the same issues I have talked about earlier.

Mr. WOLFE. I would venture that about 15 to 20 percent of your employees, GSA, live in Loudoun County.

Mr. BARRAM. The fundamental problem we have, and I imagine this whole episode is going to move us to a new place, I believe. We have had such a difficult time getting hotels and motels to certify that they are fire-safe.

Mr. WOLFE. Well, these are; the convention center.

Mr. BARRAM. The convention center. Then that is another issue. Your example is one of the things that has driven us to think about this in a different way and we will. I will be happy to come by and see you and bring people who know.

The lodging portion of the per diem rate decreased from \$126 in 1998, to \$75 in 1999. This was a result of the annual survey conducted by a contractor for the General Services Administration (GSA) to help determine the appropriate per diem rates. Each year, GSA has a survey done of the local lodging industry in approximately 600 locations throughout the country. This survey is designed to determine what the Government per diem rate should be in the local marketplace. It takes local lodging industry input and uses it to determine the average Government room rate in an area. The survey entails contacting properties that are two and three star or diamond rated (as done by AAA and Mobile) and that are on the fire safe list maintained by the Federal Emergency Management Administration (FEMA). Pursuant to the Fire Safety Act of 1990, FEMA maintains a list of fire safe properties. GSA is required by law to use this list as the basis for which properties to survey.

In previous years the survey that affected Loudoun County was actually the one performed for Washington, DC. This is because GSA had historically blended together neighboring jurisdictions under one umbrella rate, which was based upon the highest cost part of the area. This was the reason for the \$126 rate in 1998. In

1999, GSA undertook an initiative to breakout all metropolitan areas into their separate jurisdictions and survey each one on its own. As a result, a survey of the marketplace in Leesburg (the sample point for Loudoun County) indicated a lodging rate of \$75, which is what was used for the 1999 rate.

At a meeting in Representative Wolf's office on March 22, 1999, officials from GSA's Office of Governmentwide Policy discussed the issue with local lodging industry representatives from Loudoun County. As a result of that meeting, a representative from GSA attended two sessions in Loudoun County on March 30, 1999. The sessions were designed to continue the discussion of a possible rate change with on-site lodging representatives and local Federal agencies. At those sessions, it was indicated that a resurvey would be considered if the local Federal agencies would make a formal request.

We are currently awaiting those requests. Upon receipt of them, GSA will be glad to review the existing rate structure to determine the appropriate level.

TELE-WORKING

Mr. WOLFE. The other issue is tele-commuting. Mr. Hoyer and I have been very supportive of tele-commuting over the years. You have \$2 million in your budget for it. There just does not seem to be the commitment on the part of the Government agencies for this.

Beginning late this year, the mixing bowl project will begin. It will go on for 8 years. The number of Federal employees who live down in Prince William County will be grim to get through the mixing bowl. Could you do something more to encourage the agencies to participate?

Mr. BARRAM. Let me talk a little philosophically about this. Bob can talk more concretely about it. My view is that tele-commuting is interesting. Tele-working is really where it is.

By that I mean all of us, at one level or another, are tele-workers. Even when you call in and say I am going to be late, you have done a little bit of tele-working. It goes all the way from having a full office at home, where you spend 5 days a week to talking on the phone as you drive in, all kinds of things.

Tele-commuting centers are one element of a tele-working attitude. There are a couple of things that are happening in the Federal Government. We are tele-working. What you did by funding these centers is sort of put concreteness on the map here.

It has given us some places to use as ways to work this issue. It has helped Federal agencies to understand in a concrete physical way that it is a good idea. There are still many managers in the Federal Government who, if they do not see you, they do not think you are working.

This is really a shame. You know, I could sit all day and fake you out if I wanted to, I think. So, what are my results? People have to learn how to manage to results. You can do that whether someone is here or traveling around the country.

That is where we want to get; to an attitude of tele-working where it does not matter where you are, you can be in your car, on an airplane, at home, at a tele-commuting center, or in the office. You could have two or three offices.

The NPR has an office facility across 17th Street which has space, seats, chairs, whatever you want for about 50 people. They have 80 who work there, but they have a great tele-working environment. Technology is really powerful.

That is kind of an extreme example for today. I think we are going to see a lot more of that. We have some activities going on in GSA. We are going to do a lot. We are already doing a lot in GSA.

On the day when the NATO celebration is going on here and there are 40 motorcades of dignitaries clogging the streets, we are going to ask GSA people to make that be a really powerful tele-working day.

We will make it work for us. We are working with other Federal agencies; sometimes in formal ways and sometimes in trying to inspire people to new things. Technology is really critical to this.

Bob and I have talked about things we could do around the mixing bowl. He will comment on that a little bit. We have these other sites around that exist. Federal agencies have not stepped up, frankly.

They do not see it. They do not yet see it as an integral part of the work environment. It is still kind of an experiment. We have to change that attitude. In the private sector, though, quite the contrary. They see it as a big thing.

Mr. WOLFE. If your attitude is tele-working, not tele-commuting, I think you look at it through a whole different window.

Mr. PECK. Mr. Wolfe, just to be specific; at the beginning of June this year, we will open a tele-work center at 13546 Minnieville Road in Woodbridge, which is aimed to take some pressure off the mixing bowl reconstruction.

One thing to piggyback on what the Administrator said is this. The private sector is where this seems to work best, where tele-working in general works best, whether it is at a center, from home, or while traveling.

There is a cost factor here. Right now what happens is if an agency pays us for the seat at a tele-commuting center, they are also paying for a desk and work space for that worker in the Headquarters building.

In the private sector, in some cases where they have been willing and able to put the capital outlay into their main buildings, you can do what is called hoteling, where people do not have such big work spaces, on the assumption that half of them are going to be out most of the time.

They can save some money doing this. For various reasons, including budgetary, we have not been able to get either the money for us or for Federal agencies to make a lot of those big structural changes in the big buildings. I think that is one of the impediments.

We do a lot of talking to people about this and a lot of jaw-boning, but that is where we are.

Mr. WOLFE. Thank you, Mr. Chairman.

LOS ANGELES COURTHOUSE PROJECT

Mr. KOLBE. Ms. Roybal-Allard.

Ms. ROYBAL-ALLARD. Thank you, Mr. Chairman.

Welcome, Mr. Barram. I want to just go back to the courthouse situation once again because, as you know, that is really a critical issue in Los Angeles where the Administrative Office has ranked the Los Angeles Courthouse number one on its priority list, and for very, very good reasons.

The Judicial Conference has said that the situation in Los Angeles has critical security concerns. According to the U.S. Marshal's Service, those security concerns are also life-threatening.

Since 1995, the Los Angeles facilities have officially been declared out of space. Yet, we continue to have the highest prisoner production in the entire Country. In 1996 alone, we had almost 13,000 prisoners that were presented and moved through the Spring Street facility.

Obviously we are going to be faced with some very serious consequences, given the conditions in the Los Angeles area. Could you elaborate on what the consequences are that you see in delaying the building of the Los Angeles Courthouse; particularly in terms of the increased problems with security. Would it also be possible for you to provide for me and this Subcommittee what the projected increase in costs would be if the courthouse is delayed even 2 years?

Mr. PECK. Ms. Roybal-Allard, can I try to approach that in this way? No one in GSA, just as no one in the Judiciary, questions the need for a new courthouse in Los Angeles.

I have been there twice now. I have met with the Judges. You can just look at it and see the need. It is also a very complicated situation. We know it is going to be a very costly project.

It is also very important to the City of Los Angeles because there is a lot of opportunity, depending on what you do to help stimulate development in and around the Civic Center. So, those issues come into play, too.

We have been talking to the planning folks in the City of Los Angeles, as well as to the Judges about various alternatives we have on Government-owned property and non-Government-owned property.

Right now, we do not have an agreed upon plan with the City and the Judges that will allow us to make a cost estimate.

So, when you ask us to tell you how much it would increase if we delay, the answer right now is I do not know. I suspect that we will, in this calendar year at least, be able to settle on a plan and go forward. If it is okay with you and I do not know whether we have done this before.

I would like to brief you on where we are and the various alternatives that we are reviewing and where we seem to be going with the Judges in this city.

Ms. ROYBAL-ALLARD. Yes. I am somewhat familiar with that. The point that I am trying to make is the longer we delay, the greater the threats in terms of safety, and most certainly costs are going to increase. So, if we cannot deal with the problem now, it is going to only get worse in the future.

Mr. PECK. There is no question about that, absolutely.

OFFICE OF ENTERPRISE DEVELOPMENT

Ms. ROYBAL-ALLARD. Just two more things that were already touched upon by other members. First of all, I have a question with regards to the sub-contracting that you do.

My understanding is based on the information that I have that only 6.5 percent of the \$14.5 billion that you have are obligated for 2000 goes for salaries and benefits. The remainder of that \$14.5 billion actually goes out for contracts with private vendors. So, we are talking about a huge amount of money. You mentioned that there is the Office of Enterprise Development. If possible, I would like for you to provide me with a schedule of their meetings, so that I could then share that information with the businesses in my District.

Mr. BARRAM. We would love to do that. Thank you for asking. We would love to do that.

[The information follows:]

The Office of Enterprise Development lists monthly on its GAS Homepage a calendar of upcoming events of GSA outreach and educational activities for small businesses interested in doing business with GSA. Current Information can be found by visiting www.gsa.gov/oed or by contracting the regional offices.

Central Office of Enterprise Development—202-501-1021.

National Capital Region, Business Service Center—202-708-5804.

New England Region Business Service Center—617-565-8100.

Northeast and Caribbean Region Business Service Center—212-264-1234.

Mid Atlantic Region Business Service Center—215-656-5525.

Southeast-Sunbelt Region Office of Enterprise Development—404-331-5103.

Great Lakes Region Business Service Center—312-353-5383.

The Heartland Region Business Service Center—816-926-7203/7016.

Greater Southwest Region Business Service Center—817-978-3284.

Rocky Mountain Region Business Service Center—303-236-7408.

Pacific Rim Region Business Service Center—415-522-2700.

Northwest/Arctic Region Business Service Center—253-931-7956.

CHILD CARE

Ms. ROYBAL-ALLARD. Just one more thing. I just want to support the issue that was raised by Mr. Forbes and the concern about only having 67 percent of the child care centers accredited. I know that it is more than the national average, but as he said, the Federal Government should be doing better.

Mr. PECK. Okay.

Ms. ROYBAL-ALLARD. Thank you, Mr. Chairman.

1122 PROGRAM

Mr. KOLBE. Thank you very much. Mrs. Northup.

Mrs. NORTHUP. Thank you, Mr. Chairman.

Mr. Chairman, I know that cooperative purchasing has been the subject of several questions, but I would like to pursue it in a little greater detail.

First of all, cooperative purchasing, which is in Section 1555, or the original authority was never implemented due to moratoriums. It was repealed by Congress completely in 1997 and that repeal was signed into law by the President.

I would ask you, sir, is it not clear that Congress did not want the GSA to engage in providing marketing services to State and Local Governments?

Mr. BARRAM. Yes.

Mrs. NORTHUP. It is my understanding that your agency found an exception in a 1994 law that allowed the Federal Government

to, through GSA schedules, help State and Local Governments purchase supplies for drug interdiction. And that those are the grounds by which you are now selling items from the GSA schedule to State and Local Governments. Is that correct?

Mr. BARRAM. Yes. We had a couple of conversations about this, this morning already. I will say to you what I said to them.

Unfortunately, I do not know enough detail to answer very many of your detailed questions. We do understand your concern. Mr. Price had one as well.

Mrs. NORTHUP. I am going to run out of time. I have a number of questions. I think it is important that this Subcommittee know what is going on here. In fact, you started out with 10 schedules and have now expanded it to over 50 schedules. I have a list here of some of the things that are on that list; lawn and garden equipment, cattle guards, household and office appliances, fire fighting equipment, water filtration products, environmental products, woodworking and metal working machinery and equipment, vehicle equipment and accessories, solar panel and lighting projects, household and quarters furniture, upholstery, deodorants, executive furniture, pre-school and classroom materials, hospital patient room furniture, mail room furniture, library equipment.

This list goes on and on. It is quite an extensive list. I believe that you have used the excuse of the 1994 law to make this list as expansive as you possibly can. In doing so, I understand you derive a one percent return on any sales that you make.

Since the program is no longer authorized, it is my understanding that, that money should revert directly to the Treasury. Is that correct?

Mr. BARRAM. Do you mean, do I agree?

Mrs. NORTHUP. Well, I mean, if you derive money that is not anticipated in the budget, and you are not authorized to derive it, does it then become a part of the general revenues of the Treasury?

Mr. BARRAM. If I could ask you to let us get back to you on this whole subject. That list is a list I do not know—I am not sure what is on it. I think we understand the law. If we have done something we should not have, then we should fix it.

The amount of money is pretty small. The one percent is pretty small. We are not running these programs to make money. We need the one percent to manage the business. So, we are doing it because our customers wanted it.

Mrs. NORTHUP. I think what concerns me is that it was always reported by GSA that your customers wanted it. However, the real truth that State and Local communities did not call up and ask you to expand these services. The real concern I have with this is that the Federal Government has the capacity, if they proceed with co-operative purchasing, to replace local communities' purchasing power on main street and in small companies.

In fact, particularly the way you are implementing it now, it almost certainly blocks out small companies. Women and minorities have a percent of those companies. They also make up a larger percentage every year of those types of companies.

They are effectively shut out by these policies. More importantly, when somebody purchases from GSA, not only do you derive one

percent that you make off the Local Governments, but also the State and Local communities pay a 4 percent charge on top of that.

So, there is, in a sense, profit that is drawn out of the market on mainstream America through those assessments. In any event, I do have a series of very specific questions. I thought it was important for this Subcommittee to know that, talking about a few drug fighting articles that we are.

Mr. BARRAM. I can assure you and I will assure the whole Subcommittee that I am going to find out what is going on here. We will get back to you with a very clear explanation. It might be one that I am glad to hear or it might not be. We will tell you the truth.

[The information follows:]

Each year we forecast the amount needed to cover costs and provide as simple a mechanism as possible to do so. If, for any reason, our revenue exceeds forecasted costs, the excess income is returned to the U.S. Treasury. At the end of fiscal year 1998, \$4 million was returned. But the 1122 portion of this amount is negligible.

Further, GSA is using the Federal Supply Schedules program as the primary procurement program to support those law enforcement officials engaged in the war against drugs. Under the schedules procurement program, approximately 70% of the contractors who hold these schedule contracts are small business concerns. Thus GSA is participating under the 1122 program with a supply strategy that provides these state and local entities with a choice of a substantial number of small business concerns.

EXECUTIVE ORDER 13101

Mrs. NORTHUP. Do I have time for a follow-up?

Mr. KOLBE. One minute.

Mrs. NORTHUP. One minute. I am proud to ask a question on behalf of the Post Office. They have an enormous amount of junk bulk mail. Because of GSA's restrictions, they are unable to sell it and buy recyclable paper that has been ground up because of the Brightness Specifications.

Yet, I have an Executive Order here where one of the sections asks for GSA to revise the Brightness Specifications and standards in order to remove barriers for recycling. This is very important to the Post Office.

They deal in paper probably as much as any part of the Federal Government. I wonder if you have any plans to revise the standards for their recycling?

Mr. BARRAM. Donna Bennett is the Deputy Commissioner of the Federal Supply Service.

Ms. BENNETT. The language in the Executive Order, I believe, is the same language that has been in place since 1994, in the previous Executive Order.

GSA does have an ongoing policy of reviewing any kind of impediments and has been doing that continuously throughout the last 5 years. In terms of the specific issues raised by your question, none of us are familiar with them. I had some opportunity to talk to our people last night and this morning.

We would certainly like to follow-up on it and figure out if it is an issue that we have overlooked. We have no record of it. We believe we are in conformance with the Executive Order.

Mrs. NORTHUP. What I am asking is why would you not want the Post Office to be able to grind up and reuse as much of their bulk paper as they have?

Ms. BENNETT. Certainly, we have no policy directive.

Mrs. NORTHUP. Okay. Thank you.
[The information follows:]

GSA does not preclude any entity from recycling or buying any type of paper. GSA is open to providing a variety of paper products with alternative compositions through its supply system to accommodate agency requirements, and welcomes the opportunity to do so.

A review of Executive Order 13101 was completed: GSA's Federal Supply Service is in accordance with all applicable requirements of Executive Order 13101, as it was with respect to the requirements of the preceding Order 12873. (The requirement to review the brightness standards and specifications was originally introduced in the preceding order, and was perpetuated in the new order.) In some instances, we eliminated references to brightness because they were considered unnecessary. For some items, however, there are requirements to comply with Joint committee on Printing (JCP—an agency of the Congress) specifications, which include certain brightness levels.

Mr. KOLBE. Thank you. We need to get on with the Judge as soon as possible. I have a number of other areas of questions. I will submit most of them.

RENT FOR TRUST FUND AGENCIES

I will try to keep my second round very short. I do want to ask one very important issue here. About the differential in the rents that are charged to the Social Security Administration, the Railroad Retirement Board and Health Care Financing Administration. You indicate that you are working to eliminate the rent support that you now provide these trust fund agencies.

What is the difference between the rental rates that is determined for those agencies? Why are they determined differently?

Mr. PECK. Mr. Chairman, the answer in dollar terms is about \$100 million a year of revenue that the Fund does not get.

Mr. KOLBE. \$100 million a year?

Mr. PECK. Yes, sir.

Mr. KOLBE. It does not come into the Federal Buildings Fund. So, that is \$100 million a year not available for projects elsewhere?

Mr. PECK. Yes, sir.

Mr. KOLBE. Why does this differential exist?

Mr. PECK. That is a good question. First, I would like to thank the Subcommittee for holding our feet to the fire on some other agencies on which we have eliminated cost reductions, and last year realized additional rent of about \$80 million.

There is a history here. When we went back into it, there were all kinds of stories about why this started. We finally decided not to try to figure out how it started, but to try to come to closure on it. We have asked Social Security, RRB, and HCFA to come up to talk to us about going back to full rent.

Mr. KOLBE. What has been the response? I am sure they are thrilled about the idea of paying more rent.

Mr. EARLY. We wrote them a very strong, clear letter.

Mr. PECK. I do not know that we have a final closure on that. I think we are going to have a good story to tell you in the next fiscal year.

Mr. EARLY. Recognizing that it would be a budget issue, we have engaged them in conversations, presented our case, had good discussions with them, and have indicated the numbers that they should be putting in their budget for 2001, giving them an oppor-

tunity to budget for it. That will be the discussion this summer, as long as everyone is in agreement.

Mr. KOLBE. So, there is nothing in the 2000 budget for these agencies.

Mr. EARLY. That is correct; not for those.

Mr. PECK. It is for Agriculture and some others.

Mr. KOLBE. There are others, besides the Trust Fund agencies.

Mr. PECK. There used to be Agriculture, FDA, and years back, DOT. All of those rent control discounts have been eliminated. The only ones left are Social Security, Health Care Financing, and Railroad Retirement.

What they pay us are actual costs rather than a market equivalent rent. That is the differential. It is the differential between those two that is \$100 million.

Mr. KOLBE. Well, I think maybe this Subcommittee needs to write a strong letter to the Chairmen of the other Subcommittees that fund these agencies and tell them they had better start paying or else let us not hear anything about courthouses and other kinds of projects that need to be built.

This directly affects that kind of thing, in terms of how much money do we have in the Buildings Fund. My understanding of this is that this goes back to a 1975 appropriation act, which I presume would be only good for a year.

Mr. EARLY. What we found was there was report language dealing with Social Security that indicated an intent, because these were trust funds, that they should be on an actual cost basis.

For the Retirement Board, there was a specific statute that said that they were to be charged only on an actual basis. Then that statute was repealed with an encouragement that they negotiate with GSA with a desire of continuance of actual cost.

The statute was gone. That is where our legal case has become very strong on saying there is really nothing that indicates they should not be paying us. We have provided that lengthy opinion to those agencies.

Mr. PECK. Mr. Chairman, the Executive Branch takes report language very seriously.

Mr. KOLBE. When it is convenient for them.

Mr. BARRAM. I was going to say, Mr. Chairman, that is a situational policy.

PER DIEM

Mr. KOLBE. Mr. Hoyer.

Mr. HOYER. Because the Chairman wants to close, I have 8 pages of questions. Let me ask two and let me also make an observation first.

With regard to the differential in terms of per diem reimbursement, you are correct. You said there were 435 letters from members of the House. I asked my Staff if we only sent one letter. I was concerned about that. I want to escalate my concern. My letters are like report language. If not, why not?

One of my concerns, Mr. Barram, is when you have an area, i.e., Pax River, where exclusively, for all intents and purposes, the market is driven by Government rates, you have facilities that are necessary to be provided for, much like facilities at Pax River, but your market rates will not drive and make it cost effective to con-

struct such, you are in a Catch-22 where the Navy will lose, the government will lose, and the locality will lose.

We need to come to grips with that. I will ask you to answer.

Mr. BARRAM. That is a very good point. We need to think about how to respond to that.

Mr. HOYER. Okay.

[The information follows:]

In establishing the lodging portion of the per diem rates, we hire an independent contractor to conduct an annual survey of approximately 600 locations throughout the country. That survey involves directly contacting properties in the designated survey location and gathering information from them to use in the rate development. The properties contacted have to be either two or three star/diamond rated facilities (as rated by AAA or Mobil) and have to be on the fire safe list maintained by the Federal Emergency Management Administration (FEMA). The contractor is responsible for assuring that the data used has a 95 percent confidence level, plus/minus a 2 percent precision level.

To insure that room supply met room demand, the number of Federal travelers was obtained from American Express, the Government's charge card vendor at the time. To compensate for the fact that not all Federal travelers use the Government charge card (approximately 52 percent use the card), we doubled the room night demand. Accordingly, the per diem rates for all locations surveyed were based on the Government rate charged without taxes and the total number of room nights available at that rate from Monday through Thursday, as supplied by the property, compared to the number of room nights required by the Government travel.

For the 1999 rate in St. Mary's County, four properties are listed in the universe per the data received from the contractor. Three properties were surveyed, only two are on the FEMA list. The 1999 per diem rate was set at \$59 which covers the two properties that will meet the Government's estimated need of 248 rooms per night. This rate covers a two and a three star rated property.

The per diem rate system is designed to reflect the current lodging marketplace. By doing so, it allows Federal travelers to obtain lodging accommodations at appropriate facilities. As long as the marketplace can provide sufficient rooms at appropriate facilities to meet the Government's room night needs, then the purpose of the per diem rate system has been met.

RONALD REAGAN BUILDING SECURITY

Mr. HOYER. Now, I do not want to leave this hearing without, and I raised it at the beginning, the Ronald Reagan Building. Obviously, there was a story in the Washington Post.

Quick questions. First of all, in 1995 we estimated that more than a quarter of a billion dollars was needed for building security improvements following the bombing in Oklahoma.

Since that time, I want to know how much you have spent. The decision now that we are apparently going to charge the agencies for perimeter security, cost-back rather than taking it as a central cost.

Thirdly, specifically comment on the Reagan Building itself.

Mr. BARRAM. Go ahead and talk about the first one. We will talk about the Reagan Building third.

Mr. PECK. I will talk about the numbers. What we have done is, since fiscal year 1994, prepared a table in which we tried to figure out what we were spending on security before and what we have spent in addition.

I will just give you the numbers straight out. Had we straight-lined our security costs for the previous 6 fiscal years, we would have spent \$600 million on security. We have spent \$1.2 billion. So, we basically doubled our spending on security since fiscal year 1994. We did spend \$200 million on capital security equipment, since the Oklahoma City bombing. That is to take care of some

8,000 or so security countermeasures which we identified in Federal buildings and in some lease locations all over the country. We have spent, in addition to that, an additional \$1 billion in operating expenses.

The operating expenses include a large number of the countermeasures and a doubling of the number of security guards that we have in the buildings. So, you have equipment and you have personnel.

Mr. HOYER. Does this include perimeter security costs in the emergency costs.

Mr. PECK. A part of this is an accounting change that makes apparent on a bill what we did before, which is that we always included in our bills before an additional amount for security, and on the following theory:

That the Federal Government is required to charge a commercially equivalent rent. In most cases, we are now charging more than commercially equivalent because we are doing more than commercial buildings do in security.

We have a higher threat. What we did do is break out our security costs on the bill so that our customers can see what they are paying for security. I will be the first to tell you that I think we made it more complicated than we had to.

We broke it out into subsets of security. We are going to go back and take a look at that. We do in fact charge, in a lot of cases, different amounts for security. One thing I will tell you we are changing.

We are reengineering our Federal Protective Service to make it more of a community policing organization, to recognize that the mission changed fundamentally on April 19, 1995.

So, we were charging before for something called patrol and response, which is a very old, I think, ineffective police operation, in which you rode around in cars waiting for something to happen, then everyone converged on the spot after the deed happened. We are changing to a more proactive response.

We are not going to charge people for this so-called patrol and response. We are going to deploy our uniformed officers in many more cities than they were before. So, to some extent, some agencies are going to see some increased security charges, but it is in return for increased security.

Mr. BARRAM. The Ronald Reagan Building. Let me talk about that maybe in three or four categories. One, by law, it is a public building, as well as a building where Federal agencies are housed and where the Trade Center is housed. It is a big building.

Of the space, two-thirds of the office building is occupied by Federal agencies; and one-third is occupied by the Trade Center. That is 1.23 million square feet and .5 million square feet. So, that is a lot of space, but it is a public building.

It was designed to be a public building and to have an impact for the public and that segment of Washington. It is a beautiful building, as you know.

Second, we asked a number of security specialists, including Sandia Labs, which you will know from the newspaper article plus others, and some other people to give us their assessment of how we were doing at security.

Security is more complicated in a building like that. Sandia Labs gave us a confidential report which someone saw fit to leak to the press. The report was dated back in November 1998.

We have since reviewed those recommendations, adopted a whole bunch of them, such as having a security manager specifically for that building. The article in the paper, unfortunately, implied that we had not paid any attention to those recommendations, which were simply recommendations.

The tenor of the report actually was that we should make it a non-public building. It would be more secure that way, which is true, but that is not where we are going. When you walk into that building and you want to go to any Federal agency office space, you go through security; magnetometers, guards, IDs, the whole thing. We have also guards roaming the building.

We also have a precinct of our Federal Protective Service in that building. That is how serious we are about that. We also check vehicles entering public parking down below.

If you are a public parker, your car gets checked. We look in your trunk. A Barringer type device goes around your car to see if there are explosives. If you do not pass, you do not go in.

If you try to go past that, we can pop bollards up real fast and those will stop you. So, we have very good security on parking, and on people walking around. If a truck comes to unload and has not notified us 24 hours in advance, he cannot get in without a lot of connecting with people inside the agency.

When a truck goes to off-load products, they go to particular loading areas. Having been pre-approved, there are magnetometers. There are x-ray scanners. There are back scatter scanners. We are doing things there to make that building as secure as it possibly can be.

Mr. HOYER. It is as you have observed: public buildings. We are not doing fortress America. We are trying to make our public buildings safe and yet inviting to the public.

I think the Ronald Reagan Building is both safe and a spectacular piece of Government construction and architecture.

1122 PROGRAM

Mr. KOLBE. Mr. Price.

Mr. PRICE. Thank you, Mr. Chairman.

I know we are trying to wrap up here. So, I will touch very briefly on several items.

On the earlier discussion regarding the 1122 Program, I think it would be useful for the Subcommittee to have in the record these six pages of schedules that are included in this program, with an indication of a number of items that were added as of February 17th of this year.

So, I would like to ask that that be included. I think it will help us.

[The information follows:]

GSA FEDERAL SUPPLY SCHEDULES INCLUDED IN THE "1122" PROGRAM
Highlighted Schedules have been added as of February 17, 1989

- 18 I Marine Craft and Equipment, Inboard and Outboard Engines, Towable Bladders and Floating Barriers, and Buoys
- 23 I Wheel and Track Vehicles
- 25 I A Vehicular Equipment and Accessories
- 32/34 Woodworking and Metalworking Machinery and Equipment
- 36 IV Document Management Products and Services
- 37 II A Lawn and Garden Equipment and Cattle Guards
- 39 II A Material Handling Equipment, Scaffolding, and Work and Service Platforms
- 39 II B Forklifts
- 41 I Household and Office Appliances
- 42 I B Firefighting and Rescue Equipment
- 42 IV Fire Fighting and Waste Disposal Vehicles
LIMITED TO COMMAND CENTERS ONLY
- 46 I A Water Filtration Equipment
- 46 I B Automotive Maintenance and Repair Shop Equipment and Related Environmental Products
- 46 II Maintenance and Repair Shop Equipment and Cleaning Equipment
- 51 I B Tools, Tool Sets and Tool Kits - Industrial Quality, Hand Precision, Measuring

51 V	Hardware Store
51 VI	Power Driven Portable Hand Tools
51 VII	Portable Tool Boxes (Mobile Tool Cabinets/Chests, Intermediate Chest, Top Chest, Side Cabinet and Accessories)
• 54 III	Above Ground Storage Equipment
56 IV A	Construction and Building Materials
58 III B	Communications Equipment - Recording and Reproducing Video and Audio Equipment
58 IX	Telecommunications Equipment - Telemetry, Underwater Sound, Radar (except airborne), Visible and Invisible Light Communications, and Signal Date and Night Vision Equipment
58 VA	ADP/Telecommunications Media Supplies
61V	Power Distribution Equipment, Generators, Batteries
62 I	Lighting Fixtures and Lamps - Household and Quarters Use
• 62 II	Energy Efficient Products - Solar panels and lighting products
63 I	Alarm and Signal Systems/Facility Management Systems
66 II C	Clinical and Biological Equipment - Microscopes, centrifuges, pH meters, microtomes, samers, and filtration systems
66 II J	Test and Measurement Equipment for Electric, Electronic, Mechanical and Thermal Quantities, Avionics Test Equipment, and Unmanned Aerial Vehicles (UAVs)
66 II N	Chemistry, Biochemistry, and Clinical Instruments

- 66 B Q Geophysical, Environmental Analysis and Hazard Detection Equipment
- 67 I & II Photographic Equipment, Supplies and Service, and Video Services
- 68 I A Chemicals and Chemical Products - Calcium chloride, deicing compounds, sodium chlorate and built sodium chloride
- 68 III D Propane (Bulb and Cylinder)
- 68 V A Water Purification Chemicals
- 68 V B&C Water Treatment Chemicals
- 68 VI B Chemicals and Chemical Products - Deodorants
- 69 Training Aids and Devices - Programmed learning devices
- 70 Information Technology
- 71 I E Household and Quarters Furniture - Upholstered
- 71 I H Household and Quarters Furniture - Wall Units, Loft Groups, Bedroom and Dining Room Furniture, and Kitchen Cabinets
- 71 I C Filing and Storage Units
- 71 I D Executive Furniture - Executive Office and Conference Room Furniture, Accent Pieces, Accessories, and Installation
- 71 I E Furniture Systems - Systems Furniture and Workstation Clusters
- 71 I H Packaged Furniture
- 71 III A Miscellaneous Furniture - Preschool and Classroom, Auditorium and Theater Seating

71 III B	Miscellaneous Furniture - Library: Wood, Metal or Plastic
71 III C	Miscellaneous Furniture - Storage Cabinets For Forms and Flammable Liquids, and Card-Size Filing Cabinets (Steel)
71 III D	Mail Room Furniture - Mail Sorting and Distribution Bins, Racks and Carts; Light-Duty Small Parts Cabinets, and Plastic Storage Bins
71 III E	Miscellaneous Furniture - Security Filing Cabinets, Safes, Vault Doors, Map and Plan Files and Accessories, COMSEC Containers, and Special Access Control Containers
71 III F	Miscellaneous Furniture - Hospital Patient Room Furniture
71 III H	Miscellaneous Furniture - Multipurpose Seating
71 III J	Miscellaneous Furniture - Steel Vertical Blueprint Filing Cabinets, Roll Drawing Files and High-Density Movable Shelf Filing Cabinet Systems
71 III L	Miscellaneous Furniture - Cafeteria and Food Service
71 III M	Miscellaneous Furniture - Acoustical Partitions, Speech Privacy Partitions and Vertical Surface Panels
71 III N	ADP Furniture, Storage and Transportation Items
71 III T	Display and Communication Boards
71 III Y	Special Purpose Furniture - Drafting Stools, Clothing Lockers and Locker Benches
71 X	Miscellaneous Furniture - Conference Room Table
71 XIV B	Industrial Furniture - Workbenches, Worktables and High-Density Storage Cabinets and Enclosure Systems For Modular Electronic Equipment

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- 72 I A Floor Coverings - Carpet, Rugs, Carpet Tiles and Carpet Cushions
- 72 V Household and Commercial Furnishings - Draperies, Coordinating Bedspreads, Drapery Hardware, Venetian Blinds, Cubic Curtains, Vertical Blinds and Window Shades
- 72 VII B Recycling Collection Containers & Specialty Waste Receptacles
- 72 VIII Household and Office Accessories - Wall Art, Artificial Plants, and Planters
- 73 III Food Service, Handling, Refrigeration and Storage Equipment, Cooking Equipment Dishwashing Equipment, Food Preparation Equipment, Refrigeration and Other Items
- 74 IV Visible Record Equipment
- 75 I D Office Supplies - Plotting, Facsimile, Chart and Recording Paper and Supplies
- 75 II A Office Supplies
- 75 II B Custom Business Products - Business Cards
- 75 III A Office Supplies - Next Day Delivery
- 75 V Office Supplies - Envelopes: Mailing, Printed, and Plain
- 75 VIII A Office Supplies - Cards: Tabulating, Aperture and Copy
- 75 XI Office Supplies - Paper: Xerographic and Thermal Copy Paper
- 76 I Publications - Dictionaries, Encyclopedias, Reference and Instructional Books and Pamphlets, Technical Books, Medical Books, Almanacs, Geography Books, and Maps and Atlases
- 76 II Publications - Law Books, Tax and Reporting Periodicals and Microfilm Library Systems

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- 77 II Musical Instruments - Instruments, Amplifiers, Accessories and Spare Parts
- 77 III Audio and Video Equipment - Televisions, TV/VCR Combinations, VCR/VCR, Stereo Components, & Hand Held Camcorders
- 78 I A Athletic & Recreational Equipment; Crafts & Hobbies; Toys and Preschool Aids; & Theatrical Equipment and Supplies
- 78 I C Park and Outdoor Recreational Equipment
- 79 I B Cleaning Equipment, Accessories and Supplies, Cleaning Chemicals and Solvents
- 80 I A Paint Store, Paint and related supplies
- 80 III A Sealants, Adhesives and Corrosion Preventatives/Preservatives
- 80 VI A Latex Base Paint (Interior and Exterior)
- 80 X Coatings-Aerospace, Marine, Vehicle, Industrial
- 81 I B Shipping, Packaging and Packing Supplies - Bags, Sacks, Cartons, Crates, Packaging and Packing Bulk Material
- 84 II B Special Clothing and Supplies
- 84 VI A Law Enforcement and Security Equipment
- 85 I A Sanitary Paper - Jumbo Roll Toilet Tissue, Paper Towels and Dispensers
- 85 III A Toiletries
- 99 IV Signs, Displays, Identification Products, Traffic Control Devices, Exhibit Systems, and Related Products
- 99 VI A Trophies, Awards, Presentations and Promotional Materials

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EXECUTIVE ORDER 13101

Mr. BARRAM. Can we have a copy of that today so we can get working on it?

Mr. PRICE. Certainly. I would be happy to make that available to you. If there is some error or some problem with it, you could perhaps correct it for the record.

On the earlier discussion about Executive Order 13101 and the recycled paper issue, I understand you are being directed, number one, to ensure that all paper products used by the Federal Government contain at least 30 percent recycled materials.

You are not permitted to list paper on the Federal Supply Schedule that does not meet this standard. Number two, you are asked to review the Brightness Standard for paper products within 6 months so that any specifications that are really unrelated to performance would be eliminated. The idea being, I take it, to perhaps use a wider range of recycled products. It seems to me there is some tension between those two requirements.

I wonder if they are compatible. So, I look forward to the information you are going to provide for the record about how the implementation of this Executive Order is proceeding; what you are doing to ensure that more environmentally sound products are the standard; and when you anticipate the completion of the work on this Brightness Standard. I do not know if there is any comment you would like to make.

Mr. BARRAM. Donna Bennett can answer it somewhat more specifically. Let me just say one thing. We made the decision in our Federal Supply Service to only offer our customers recycled content paper.

Our customers, I have to tell you, wanted to buy unrecycled paper. So it has, frankly, decreased the volume of sales that we have had in the paper side of our business, which is a difficult problem when you are trying to run a business and keep costs below revenue.

So, we made that decision because it was the right thing to do. We are constantly working on this. Donna, do you want to comment or do you want to just get something to him?

Ms. BENNETT. I think it will be helpful when we put together a full background on this for you.

[The information follows:]

A review of Executive Order 13101 was completed. GSA's Federal Supply Service is in accordance with all applicable requirements of Executive Order 13101, as it was with respect to the requirements of the preceding Order 12873. (The requirement to review the brightness standards and specifications was originally introduced in the preceding order, and was perpetuated in the new order.) In some instances, we eliminated references to brightness because they were considered unnecessary. For some items, however, there are requirements to comply with Joint Committee on Printing (JCP—an agency of the Congress) specifications, which include certain brightness levels.

PER DIEM RATES

Mr. PRICE. I do have one further question and limited time. So, I will await that, unless there is something urgent that you would like to add at this point.

Ms. BENNETT. There is not.

Mr. PRICE. All right. Well, we will look for that and also an update on where this Brightness Standard issue is going that apparently would let us use a wider range of recycled products.

Briefly, I want to touch on per diem rates. This, too, will mainly be something for the record. We have a problem in our area, as many people do. We have been working with you at the staff level on this.

I notice on your Web Page it says now, effective March 15, 1999, GSA will no longer accept requests for reevaluation of 1999 per diem rates. I do not know quite what that means.

We have been working at the staff level on this, but it has not yet yielded results. I would like to have an update on where we are and what we might do.

[The information follows:]

The March 15th date has been removed from our website due to the confusion with the May 1st date. GSA was trying to expedite the rate appeal process and we ended up creating a confused situation. May 1st has historically been shown as the date that an agency can submit a location for inclusion in the survey for the next year. The Federal Government travels to approximately 8,000 locations in the continental United States. We establish a standard rate for the entire country—\$50 for lodging and \$30 for meals/incidental expenses in 1999. This applies everywhere in the continental United States. Recognizing that there are locations that such a rate is not adequate, we also conduct a survey of designated locations to determine if the rate for that area needs to be above the standard rate. This covers approximately 600 out of the 8,000 locations each year. Even just surveying the 600 locations requires our contractor to contact almost 6,000 lodging properties and another 6,000 restaurants. With the complexity of gathering data from that many sources, we provide the contractor with a list of the designated locations by May 1st so that it can organize, conduct, and summarize the survey in time for rates to be set for the next year. For simplicity sake, we survey all locations listed with designated rates from the previous per diem effort and add any new ones that agencies report to us. It is these new ones that have to be in to us by May 1st so we can provide them to the contractor.

We have not had a cut-off date for requests to re-survey existing rates in the past. The confusion that we created this year was to try to make it an easier process by asking for re-survey requests by March 15th. We selected March 15th because we had the contractor responsible for the 1999 rates under contract until March 31st. Consequently, it would have been easy to ask them to conduct a re-survey since they did the original one. After March 31st, we do not have a contractor until the contract is let for the year 2000 survey (probably in late April), but even then they will be focused on the upcoming survey. We will certainly entertain requests for re-surveys throughout the year.

RESEARCH TRIANGLE PER DIEM RATES

Mr. PRICE. The problem, very simply, is the way the rates operate in the Research Triangle area of North Carolina. We have Raleigh, Durham, Chapel Hill, and Research Triangle Park.

You are separating the per diem rates for Durham and Research Triangle Park, which for reasons we have made very clear I think make no sense at all. There is only one hotel in Research Triangle Park proper.

Most of these hotels that serve the Park are in the City of Durham, in fact. I do not think you took that into account in compiling the 1999 per diem rates. You list Research Triangle Park as a key city separate from Durham.

I do not know what sense that makes. I would think you would want a single per diem rate for the area. I have asked that you review that. Maybe you can tell me what kind of time table we can expect in getting that examined.

Mr. BARRAM. Would you like us to make an exception to the March 15th for you?

Mr. PRICE. Well, if that is what it takes, yes.

Mr. BARRAM. We would be happy to do that.

Mr. PRICE. All right. Well, I will count on that. I will look forward to working with you and your staff on this.

GOVERNORS ISLAND

Mr. KOLBE. Mr. Forbes.

Mr. FORBES. Thank you, Mr. Chairman.

Since we have talked at great length and ad nauseam about per diem, I will not labor about the concerns we have on Long Island. Real quick because I do not want to indulge the Subcommittee too much here.

Governors Island, Mr. Peck if you could. I know that GSA has taken over responsibility for overseeing Governors Island until I guess the sale takes place.

Mr. PECK. Right.

Mr. FORBES. What is set aside in the budget to maintain and oversee of Governors Island? Is it \$10 million?

Mr. PECK. \$10 million in fiscal year 2000. Just for the record, the budget agreement, the balanced budget agreement, anticipates the sale of Governors Island in fiscal year 2002.

So, we have 2 more years, unless we sell sooner to maintain the Island. \$10 million is enough to do that, if we only hold for a short period.

Mr. FORBES. I think we are all very optimistic, including the Mayor of New York on that prospective sale. I am assuming the agency feels that, that is a sufficient amount to take care of the needs for the coming fiscal year?

Mr. PECK. Like I said, if it is only a short-term hold, we can maintain it. I mean, if this stretches out, we are not doing some long-term things that are being held off until somebody else takes over.

Mr. FORBES. If I could, just for the record, maybe the agency could provide for me kind of a state of things at Governors Island; how it is and what some of those needs are. So, that we need to at least be anticipating.

Mr. PECK. We would be happy to.

[The information follows:]

Governors Island

Governors Island is located in Upper New York Bay, off the southern tip of Manhattan. It contains approximately 172 acres and is improved with 225 buildings totaling 3 million square feet of space primarily to provide housing to the United States Coast Guard (USCG) personnel. Approximately one half of the island is designated as a National Historic District. The island not only consists of 172 acres of development opportunity but also boasts a remarkable historical resource, which ranks #1 on the National Trust for Historic Preservation's list of endangered historic sites.

The disposition of Governors Island is currently one of the most significant undertakings in the history of GSA's Property Disposal program, and a well-orchestrated conveyance is of utmost importance in order to protect this national asset. A number of actions have set the stage for effective disposal, including preparation of a Land Use Study, an Environmental Impact Statement in compliance with NEPA, and a Historic Design Manual. The EIS Record of Decision was signed January 27, 1999, substantially completing our legal and elective studies. We are now ready to proceed to the disposal phase of the process.

This disposal at present is subject to special legislation incorporated as part of the Balanced Budget Act of 1997, which precludes a transfer of the title prior to FY 2002. The Act also requires a sale at fair market value, with receipts to be deposited in the General Treasury, and gives a right of first offer to both the City and the State of New York.

With funding provided by GSA, the Coast Guard Caretaker detachment continues to successfully manage the daily activities to meet protection and maintenance responsibilities, but further delay of a productive reuse of the island will only add to the cost of protection and maintenance. In FY 1999 we are budgeted at \$7 million, and for FY 2000 we are requesting \$10 million. At the current modest trend we expect to spend \$45 to \$50 million through FY 2002. An expeditious disposal would potentially cut our protection and maintenance costs.

The protection and maintenance responsibilities can be defined by two categories: short-term and long-term needs. The short-term protection and maintenance needs account for the day-to-day management requirements by the Caretaker detachment on Governors Island to maintain the facilities at a minimum level, seen in the current FY 1999 budget. The long-term protection and maintenance needs are cyclical requirements that will begin to come to term in FY 2000. These long-term requirements must be met in order to protect the island's resources at a minimum level and to prevent irreversible deterioration of the island's resources. The long-term, cyclical protection and maintenance needs are painting, seawall repair, and ferry slip repair.

Protection and Maintenance Needs
FY 1999 - FY 2000

	<u>FY 1999</u>	<u>FY 2000 Changes</u>	<u>FY 2000</u>
On-Site Personnel	353,000	-	353,000
Facilities Maintenance	1,305,276	(276)	1,305,000
Fire Prevention	70,000	-	70,000
Ferry Service, Maintenance	894,076	75,924	970,000
Security	315,000	70,000	385,000
Utilities	1,829,882	118	1,830,000
Other Maintenance	94,000	56,000	150,000
Historic Maintenance	928,000	-	928,000
Contingency	225,000	275,000	500,000
Inflation	156,309	3,691	160,000
Recurring/Non-recurring	-	-	-
Swivel Overhaul and Additional Operations	110,000	140,000	250,000
Seawall Repair	250,000	1,250,000	1,500,000
Fire Fighting Supplies	10,000	7,000	17,000
Nolan Park			
Exterior Painting	155,000	95,000	250,000
Corsun Overhaul (Ferry)/ Dry Dock	252,000	-	252,000
Public Works Supplies	150,000	-	150,000
Ferry Slip Repair	-	500,000	500,000
Roof Repair	-	230,000	230,000
Water/sewage Outage	-	100,000	100,000
Ground Maintenance	-	100,000	100,000
Total	\$ 7,097,543	\$ 2,902,457	\$ 10,000,000

The current levels of protection and maintenance have provided the basic necessities required by the Caretaker Detachment regarding the management of the island's resources, but the longer the island remains in a caretaker status the greater the risk of deterioration which, in turn, will require a higher level of maintenance. The continued commitment by the General Services Administration and the United States Coast Guard has proven invaluable to protecting and maintaining this property.

Mr. FORBES. Thank you very much.
Thank you, Mr. Chairman.

PER DIEM RATES

Mr. KOLBE. Mr. Hoyer just suggested, and I think it is a good point. Just to clarify, you referred to closing out on March 15th. I think there are a number of other members that have some concerns.

Mr. BARRAM. What I should have said is that we will do something about the March 15th date.

Mr. HOYER. Mr. Chairman, if you would yield. This is a real problem. It is not just a political constituent problem.

It is a community problem. That I mention this in terms of whether you can produce housing that the Government needs. This is a particular problem in my area where the Government is the only essential buyer, and in every area when. For instance, Mr. Price mentioned that you have differentiated one hotel, while the competitive community is in the surrounding area in Durham.

In my case, we went around some years ago where you had differential rates for Solomon's Island which is across the Pax River, 10 minutes away from the hotel with which it is competing.

The differential rates allowed Solomon's to charge more than the Pax River rate. Because this is a serious problem, Mr. Barram, I think we really do need time to work on it.

Mr. BARRAM. We will not be constrained by a March 15th date.

Mr. HOYER. Thank you, Mr. Chairman.

Mr. KOLBE. Thank you. Ms. Meek.

Mrs. MEEK. Thank you, Mr. Chairman. I have no questions.

ACCESSIBLE INFORMATION TECHNOLOGY

Mr. KOLBE. Ms. Roybal-Allard.

Ms. ROYBAL-ALLARD. This will be very, very quick.

In your budget overview, you requested \$10 million for accessible information technology programs for the President's initiative to promote and support employment of individuals with disabilities. Could you elaborate on that? In the interest of time, please provide me with more information for the record.

Mr. BARRAM. I will be happy to do both. \$8 million of that is to help increase the capacity of individual agencies to use disability technology to help people who are disabled work better.

Two million of it is to develop an independent learning laboratory to assess how we can make this technology work better. We have a couple of people who are working on this full-time.

We can provide you more information if you would like. It is a new initiative.

Ms. ROYBAL-ALLARD. I would appreciate that.

[The information follows:]

There are two components that make up the accessible information technology programs request: (1) the Rapid Service Valuation and Preparation (RSVP) Access Program and (2) the Evaluation and Validation of Information Technology (IT) for Individuals with Disabilities (a.k.a. IT -Testing for Accessibility Governmentwide (IT-TAG) Program).

These programs are detailed separately below. It is intended that both programs will essentially become self-supporting by FY2003. Agencies participating in the RSVP Access Program will have learned how to program and budget for their essential accommodation services, based on the electronic and information technology standards of Pub. L. 105-220. The IT-TAG program will be the catalyst for an independent testing laboratory that will become self-supporting through user fees. There will be no follow-on costs past the "catalyst" phase of these programs. GSA, through the Federal Information Services Applications Council, will, however, continue its on-going mission support for a collaborative-policy infrastructure among the service agencies and the science agencies to ensure that unmet accommodation needs, as well as new challenges and opportunities can be acted upon as they arise.

Rapid Service Valuation and Preparation (RSVP) Access Program

This program is an \$8M investment which will be used to rapidly scale-up the capacity of the federal information infrastructure to comply with the requirements of Pub. L. 105-220, Section 508 to accommodate people with disabilities.

On August 7, 1998, Congress passed the Workforce Investment Partnership Act. The revised Section 508 of this Act requires the Administrator of General Services to provide technical assistance for agency capacity-building to comply with the access regulations promulgated by this Act. The Office of Governmentwide Policy (OGP) chairs the Federal Information Services Applications Council providing leadership in accommodation practice through a demonstration center, clearinghouse, interagency forum, and the Universal Access Working Group (WG). Led by the Universal Access WG, the Rapid Service Valuation and Preparation (RSVP) Access Program will employ interagency collaboration, together with sound, direct agency investments, to rapidly achieve comprehensive accommodation service standards and assistive technology practices. Today these services exist only partially in some agencies and are not integrated with existing IT programs. The OGP will serve as asset broker and expert knowledge facilitator to assemble a "best practice" investment transfer infrastructure through the Universal Access WG.

The RSVP Access program will enable the Federal government to conserve skilled human resources and reduce the hidden costs of information infrastructures that preclude or restrict participation and use by people with disabilities. This coordinated resources and knowledge-sharing approach will:

- 1) advance our national goal of the Federal government as a model employer;
- 2) pioneer augmentative information technologies and practices that minimize the effort required by Federal workers with disabilities to get what they need to do their work; and
- 3) leverage improved investments leading to a national IT infrastructure that accommodates the easy exchange of ideas and information among all members of our American society, including those with limitations of vision, hearing, or mobility.

The Universal Access WG will also work with 1) GSA's Business Technology Council to facilitate the business offerings needed by agencies; and 2) the National Science and Technology Council to facilitate the research pilots needed by agencies to advance the full range of human differences that can be accommodated. This combined approach of "sparking" innovative IT research, while advancing sound commercial action demonstrates public sector leadership in places where innovation is needed, broad societal returns are high, and the market infrastructure is not yet in place.

Evaluation and Validation of IT for Individuals with Disabilities/ (IT-TAG) Program

This program represents a \$2M investment in an independent testing laboratory, for accessible technologies, in order to improve the market for accessible technology and make it easier for government agencies and other purchasers to buy.

Federal departments and agencies are mandated by Pub. L. 105-220 Section 508 to make their information infrastructures readily accessible to people with disabilities, but lack the information management tools to do so. There is no independent performance information commercially available to validate the stability and effectiveness of contractor proposed approaches to accessibility or commercial off-the shelf (COTS) products designed to make infrastructures accessible. Under OGP leadership, the increase requested would provide start-up funding to a private sector organization analogous to the Underwriter's Laboratory that would test information and telecommunications technologies to determine accessibility relative to the Access Board standards promulgated under Pub. L. 105-220. This program will enhance GSA's effectiveness, as mandated by Pub. L. 105-220, to support the rapid scale-up in the capacity of the federal information infrastructure to accommodate people with disabilities.

Access performance validation results would be widely available on the Web, providing the market metrics needed to align and leverage access-related supply and demand market forces. This information will be used to advance investment in flexible infrastructures that, in turn, enable Federal workers with disabilities to readily obtain the assistive technologies they need to do their work. Cost avoidance benefits to agencies will be significant: less downtime for workers with disabilities, less overhead costs, and less product replacement/obsolescence costs. This approach also aligns with private sector interests in advancing accessibility as a metric for advancing overall usability as procurement criteria for higher returns on software investments. This "underwriter's lab" for access information will become self-supporting from user fees.

The Universal Access WG will lead the development of the RSVP Access Program and the IT-TAG Program. The Universal Access WG works with the CIO Council's Interoperability Committee to integrate access requirements into the Governmentwide IT infrastructure. OGP, through the Universal Access WG, will also collaborate with the President's Task Force on Employment of Adults with Disabilities.

Mr. KOLBE. Thank you very much.

We have some other questions which we will submit for the record.

CONCLUSION

We thank you very much, Mr. Barram, for you and Mr. Peck, Mr. Early, Ms. Bennett for being here and all of your teams.

Thank you.

[Questions submitted for the record and selected budget justification materials follow:]

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

FISCAL YEAR 1997 CONSTRUCTION PROJECTS

Question. Mr. Barram, you have requested that language be included in the fiscal year 2000 appropriations bill to correct language contained in our fiscal year 1997 bill. Would you explain for us the nature of the problem that exists because of the language in the fiscal year 1997 bill?

Answer. The fiscal year 1997 appropriations language did not include the "obligated in whole or in part" provision for the GSA construction program that was included in our appropriations legislation before and after FY 1997. GSA General Counsel has interpreted the FY 1997 language "*Provided further*, That all funds for direct construction projects shall expire on September 30, 1999" to cause all unobligated balances for each new construction project to expire regardless of the project's financial and fiscal status. Inclusion of the following language in GSA's fiscal year 2000 appropriations bill would resolve this issue: "Funds made available for new construction projects under this heading in Public Law 104-208 shall remain available until expended so long as funds for design or other funds have been obligated in whole or in part prior to September 30, 1999."

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Question. If the language you have proposed is not enacted, what will the impact be?

Answer. We project that \$318,911,700 in unobligated balances will expire on September 30, 1999. The following is a list of affected projects.

<u>State, City, Project</u>	<u>FY 1997 Funding Estimated Unobligated Balance September 30, 1999</u>
CA, Fresno, Federal Building-Courthouse	\$ 1,833,000
CO, Denver, Federal Building-Courthouse	0
DC, Washington, Courthouse Annex	2,054,000
DC, Washington, SEFC Site Preparation	1,015,000
FL, Miami, Courthouse	0
FL, Orlando, Courthouse	3,048,000
KY, Covington, Courthouse	1,019,000
KY, London, Courthouse	1,663,000
MT, Babb-Piegan Border Station	0
MT, Sweetgrass, Border Station	0
NV, Las Vegas, Courthouse	4,276,000
NY, Brooklyn, Courthouse	145,839,000
OH, Cleveland, Courthouse	74,499,000
OH, Youngstown, Courthouse	15,813,000
OR, Portland, Consolidated Law FOB	36,178,000
PA, Erie, Courthouse Annex	0
PA, Philadelphia, DVA-Fed Complex PH II	0
SC, Columbia, Courthouse Annex	8,005,000
TX, Corpus Christi, Courthouse	1,728,700
UT, Salt Lake City, Moss Courthouse Annex	428,000
WA, Blaine, Border Station	1,080,000
WA, Oroville, Border Station	0
WA, Seattle, Courthouse	793,000
WA, Sumas, Border Station (Claim)	0
Security Enhancements	17,295,000
Non-Prospectus Construction projects	2,345,000
Total	\$ 318,911,700

NOTE: These estimated unobligated balances are for FY 1997 funds only. Any funding received prior to FY 1997 or after FY 1997 is not included.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Question. Your staff has provided us with a list of the projects that are impacted and the amount obligated for each as of November 18, 1998. We will place that list in the record. If you have more up-to-date information on amounts obligated, please provide that for the record, also. I would also ask that you provide for the record the current status of each project.

Answer. The following is a list of the obligations and status of each impacted project as of February 28, 1999.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

<u>State, City, Project</u>	<u>Obligations as of February 28, 1999</u>
CA, Fresno, Federal Building-Courthouse*	\$ 2,930,065
Under design	
CO, Denver, Federal Building-Courthouse	9,545,000
Award site-foundation package summer 1999	
Estimated completion FY 2002	
DC, Washington, Courthouse Annex*	2,785,529
Under design	
DC, Washington, SEFC Site Remediation	17,526,338
Under construction	
Estimated completion FY 2001	
FL, Miami, Courthouse*	22,691,868
Under design	
FL, Orlando, Courthouse*	3,418,851
Selection of A/E estimated summer 1999	
KY, Covington, Courthouse	17,857,325
Estimated completion summer 1999	
KY, London, Courthouse	647,938
Design complete	
Estimated completion FY 2002	
MT, Babb-Piegan Border Station	333,000
Construction contract to be awarded spring 1999	
Estimated completion FY 2001	
MT, Sweetgrass, Border Station*	51,029
Under design	
Estimated completion FY 2001	
NV, Las Vegas, Courthouse	89,521,062
Estimated completion FY 2000	
NY, Brooklyn, Courthouse	0
Construction contract award 4 th quarter FY 1999	
Estimated completion FY 2002	
OH, Cleveland, Courthouse	67,791,426
Under construction	
Estimated completion FY 2001	
OH, Youngstown, Courthouse	0
Under design	
Senate authorized construction March 17, 1999	
Estimated completion FY 2002	
OR, Portland, Consolidated Law FOB	10,976
Funds being reprogrammed to on-going projects	
PA, Erie, Courthouse Annex*	2,682,019
Under design	
Estimated completion FY 2004	

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PA, Philadelphia, DVA-Federal Complex PH II	12,510,753
Completed August 1998	
Balance to fund outstanding Sec. 106 commitments	
SC, Columbia, Courthouse Annex	0
Under design	
Estimated completion FY 2002	
TX, Corpus Christi, Courthouse	25,492,921
Under construction	
Estimated completion FY 2001	
UT, Salt Lake City, Moss Courthouse Annex*	1,133,590
Under design	
Estimated completion FY 2003	
WA, Blaine, Border Station	15,838,180
Under construction	
Estimated completion FY 2001	
WA, Oroville, Border Station*	79,450
Under design	
Estimated completion FY 2002	
WA, Seattle, Courthouse*	16,059,541
Under design	
Estimated completion FY 2002	
WA, Sumas, Border Station (Claim)(Paid)	1,234,845
Security Enhancements	3,700,472
Non-Prospectus Construction projects	2,993,410
Total	\$ 316,835,588

Note: * indicates that construction funds have not been appropriated.

NOTE: These obligations reflect action against only FY 1997 funding authority. Action against any funding received prior to FY 1997 or after FY 1997 is not included.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Question. Are you prepared to move forward with each of these projects at this time?

Answer. Except for the Portland Consolidated Law FOB, we are moving forward with each of these projects and will continue to do so. The Portland project is no longer a priority for the Department of Justice since definition of space needs is not anticipated for several years.

Question. In reviewing the list you have provided us, we note that a number of the projects seem to have made little progress since funds were provided in fiscal year 1997. One that stands out is the Brooklyn, New York, Courthouse. Has construction begun on the project? If not, what has caused the delay?

Answer. The Brooklyn project is a multi-phase project which uses two Federally-owned sites to provide expanded and improved court facilities in downtown Brooklyn. The project involves renovation and adaptive reuse of Brooklyn's historically significant General Post Office (GPO), demolition of the Emanuel Celler Federal Office Building, construction of a new courthouse on that site, and repair and alteration of the existing U.S. Courthouse.

Demolition of the Federal Building is complete. The new construction project has been delayed, principally because all of the construction bids came in above the budget that we have available under the appropriation. The current construction market in New York City is extremely active. Costs have escalated quickly, beyond what we are allowed ordinarily to take into account for inflation. We are redesigning the project and award of the construction contract is scheduled for the fourth quarter of FY 1999 with completion in FY 2002. Design of the GPO is complete and award of the construction contract is scheduled for the third quarter of FY 1999 with completion in FY 2002. We have retained cost consultants who have independently evaluated our analysis and they agree that, if market conditions remain constant, the project can be bid successfully this summer. We will submit a prospectus for repairs and alterations to the existing U.S. Courthouse to coincide with the completion of the new courthouse.

Question. I understand that the Brooklyn project has undergone design changes that will shorten its useful life. Why were those changes made?

Answer. In making space and materials changes to the project to bring it within budget, we have not decreased the quality of the building. As we often do, we have reviewed some interior finishes and substituted less expensive materials, but the life of the project will not be less. However, by reducing the building by four floors we may not meet the thirty-year anticipated needs of the courts.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Question. Please provide for the record a schedule for completion of each of the projects.

Answer. Please see response to Question above.

Question. The fiscal year 1997 bill provided over \$27,000,000 for security enhancements at Federal buildings. Why have you only obligated about \$3,600,000 of those funds as of November 18th of last year?

Answer. Funds for security enhancements are included in the design and construction contracts which will be obligated throughout the design and construction of the projects. As the response to Question 3 above indicates, construction contracts for several projects have not yet been awarded. We will obligate the security enhancement funds as required.

NEW LONG DISTANCE TELEPHONE CONTRACTS (FTS 2001)

Question. Mr. Barram, as you pointed out in your statement, you have recently awarded two new long-distance telephone contracts. Who were the contracts awarded to?

Answer. The two new long-distance telephone contracts were awarded to Sprint and MCI Worldcom on December 18, 1998 and January 11, 1999, respectively.

Question. How do the prices for long-distance services under the new contracts compare with the prices under the previous contracts?

Answer. The following table provides several high-level examples to characterize the savings available on FTS2001 once agencies complete transition to the new contracts.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Savings - FTS2001 over FTS2000	Percent Savings	Total Savings or Unit Price Savings
• All services • Overall savings • Over 8 years • Savings based on average prices	65%	• \$4.0 billion based on government projections
• Switched voice service • Overall savings • Over 8 years • Savings based on average prices	58%	• Unit price decrease from 5.9 cents per minute under FTS2000 to less than 1.0 cents per minute under FTS2001 in Year 8 • Average of 2.5 cents per minute over 8 years on FTS2001
• Switched voice service • First year of FTS2001 only • Savings based on average prices	30%	• Unit price decrease from 5.9 cents/min. on FTS2000 to about 4.1 cents/min on FTS2001 • Agencies must transition from FTS2000 to FTS2001 to receive new lower prices
• Dedicated transmission service • Overall savings • Over 8 years • Average 8-year savings	58%	
• Dedicated transmission service • First year of FTS2001 only • Average first year savings	18%	• Agencies must transition from FTS2000 to FTS2001 to receive new lower prices

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Since there are some new features in FTS2001 not under FTS2000, the comparison in the following is over best commercial rates.

Savings - FTS2001 over Best Commercial Rates	Percent Savings	Total Savings or Unit Price Savings
• Data service (frame relay) • Overall savings • Over 8 years • Average 8-year savings.	54%	
• Data service (frame relay) • First year of FTS2001 only • Average first year savings	67%	• Agencies must transition from FTS2000 to FTS2001 to receive new lower prices.

Question. Do the contracts contain minimum revenue guarantees? If so, what are they? What is the total estimated value of the contracts?

Answer. Yes, each contractor is guaranteed \$750 million over the eight year life of the contract. The total estimated value of the contracts is expected to exceed \$5 billion.

Question. Are agencies free to choose either of the two new telecommunications providers?

Answer. Yes, agencies can choose their own providers. This selection process is expected to result in sufficient business to each contractor to insure that the minimum revenue guarantees are met.

Question. Will agencies be required to use the new contracts for their long-distance telecommunications needs?

Answer. No, the new contracts will be non-mandatory.

Question. How long will the transition from the old service providers contracts to the new providers take?

Answer. Transition will begin in June 1999 and is expected to be completed within eighteen months. More than 160,000 circuits serving 109 Federal agencies at 26,700 service delivery points (SDPs) in 5,000 cities will be transitioned.

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Question. What are the total estimated transition costs and who is responsible for paying those costs?

Answer. The total estimated transition costs are \$109 million. GSA, specifically its Federal Technology Service, intends to cover all transition costs except for agency specific expenses such as employee overtime.

COURTHOUSE CONSTRUCTION

Question. Mr. Barram, we note that for the third year in a row, the budget request includes no funds for courthouse construction. Did your budget submission to the Office of Management and Budget include funds for courthouse construction? If so, please provide a list of the projects and the amount requested for each for the record.

Answer. Following is a list of projects submitted to OMB for courthouse construction.

<u>State, City, Project</u>	<u>GSA Request October 9, 1998</u>	<u>GSA Appeal December 3, 1998</u>
AL, Mobile, Courthouse	\$ 7,285,000	\$ 7,285,000
CA, Los Angeles, Courthouse	18,032,000	34,649,000
DC, Washington, Courthouse Annex	99,004,000	99,004,000
FL, Miami, Courthouse	117,054,000	102,637,000
IA, Cedar Rapids, Courthouse	13,132,000	13,132,000
IL, Rockford, Courthouse	2,702,000	2,702,000
MA, Springfield, Courthouse	39,886,000	0
MS, Gulfport, Courthouse	37,001,000	3,572,000
NM, Las Cruces, Courthouse	1,847,000	1,847,000
NY, Buffalo, Courthouse	3,430,000	3,238,000
OR, Eugene, Courthouse	64,520,000	0
PA, Erie, Federal Complex	25,722,000	25,722,000
TN, Nashville, Courthouse	13,105,000	13,105,000
TX, El Paso, Courthouse	6,972,000	6,972,000
UT, Salt Lake, Courthouse	65,710,000	9,107,000
VA, Norfolk, Courthouse	9,285,000	9,285,000
VA, Richmond, Courthouse	18,706,000	18,706,000
WA, Seattle, Courthouse	169,320,000	153,387,000
Total	\$ 712,713,000	\$ 504,350,000

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Question. What reason or reasons did OMB give you for once again deleting courthouse construction projects from the budget request?

Answer. Because the FY 2000 budget constraints are very tight, and saving Social Security is the President's topmost budget priority for the year ahead, the budget does not provide funding for new courthouse construction projects. Between 1991 and 1999, the Federal government will have spent more than \$3.7 billion on more than 40 courthouse construction projects. The Judiciary seeks approximately \$4.5 billion in additional budget authority over the next nine years for the design and construction of approximately 114 additional courthouse projects. The Administration is encouraged that the Judiciary has prepared, and the Congress has mostly followed, a set of project priority rankings. The General Services Administration has provided an important additional measure of budget discipline to the program by using a standardized system of project cost-estimating guidelines. However, the Administration believes that significant further economies could be realized, and aesthetically pleasing, dignified and secure courthouses still could be produced, if the Judiciary would provide the information needed to evaluate more fully various other cost saving options, such as having judges share courtrooms.

Question. Are you satisfied that those projects are required to meet the legitimate space needs of the courts?

Answer. Yes, we agree the Five -Year Courthouse Plan, as approved by the Judicial Conference, indicates that the projects are needed.

Question. Are the resources available in the Federal Buildings Fund sufficient to support the courthouse construction program that has been established by the judiciary?

Answer. A historical look at the performance of the Federal Buildings Fund (FBF) and our projections for the next several years indicate that the FBF produces adequate revenue to fund the capital repairs and modernizations necessary to keep the existing real property inventory functional and productive and provide for a modest construction program but cannot provide enough funding to underwrite a sizable construction program. Indeed, in recognition of this fact, Congress has appropriated funds to the FBF to provide for a construction program of the magnitude of the current courthouse program. Appropriations to the FBF for new construction between FY's 1990 and 1999 amounted to more than \$3.2 billion.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Question. One of the issues that repeatedly comes up in regard to courthouse construction is courtroom sharing. As part of your planning process for courthouses, do you examine whether or not a courthouse could operate efficiently with the sharing of courtrooms by judges?

Answer. In the U.S. Courts Design Guide, the Judicial Conference encourages courtroom sharing by senior judges with reduced caseloads and outlines a model for determining the number of courtrooms to be provided. When planning for a new courthouse, GSA refers to this model. The model generally provides a courtroom for each active judge and for each senior judge for a period of ten years after taking senior status.

As directed by the Judicial Conference, any significant departures from design criteria contained in the Design Guide must be approved by the appropriate circuit judicial council. The following projects identified for construction in FY 2000 on the Judiciary's 5-Year courthouse construction plan have approved deviations: Seattle, WA; Richmond, VA; Springfield, MA; Mobile, AL; Cedar Rapids, IA; and Nashville, TN. We have not received approval for proposed deviations for the projects in Washington, DC, and Miami, FL.

RENTS FOR TRUST FUND AGENCIES (SOCIAL SECURITY ADMINISTRATION, RAILROAD RETIREMENT BOARD, AND HEALTH CARE FINANCING ADMINISTRATION)

Question. Mr. Barram, you indicate that you are working on eliminating rent supports in fiscal year 2001 for the trust fund agencies, including the Social Security Administration, the Railroad Retirement Board, and the Health Care Financing Administration. What is the difference between how rental rates are determined for those agencies and the way they are determined for other Federal agencies?

Answer. Trust fund agencies have been reimbursing GSA only for actual costs of providing space and services. This reduced rent is not the full, commercially equivalent rent that we are required to charge for comparable space and services. The differential between "cost only" and full rent is our primary source of revenue for major building repairs and renovations. In FY 1998, this differential amounted to \$90.7 million.

Question. Why are the rents charged to the trust fund agencies different from those charged to other agencies?

Answer. The Social Security Administration and the Health Care Financing Administration have been paying reduced rent because of language in the Conference Report accompanying their FY 1975 appropriations that directed payment of only the amount necessary for reimbursement of actual costs. The Railroad Retirement Board reimbursed actual cost for rent as a result of a specific provision in its FY 1975

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

appropriation. However, beginning in 1995, Congress discontinued the practice of including that provision in the Railroad Retirement Board's appropriations legislation.

Question. Is legislation required to change the way the trust fund agency rental rates are determined?

Answer. No legislation is required to change the way their rent is determined. Over the years, legal opinions by the Department of Justice, the Comptroller General, and GSA's Office of General Counsel have confirmed GSA's legal authority to charge Federal agencies full rent. We have requested the trust fund agencies to pay full rent in FY 2001.

Question. You indicate that you have notified the agencies of your proposal to eliminate their rent supports. Have they responded?

Answer. We have received responses from the Social Security Administration (SSA) and the Railroad Retirement Board (RRB). Both expressed strong objections to paying full rent. Neither addressed our suggestion that they request appropriated funds to bridge the gap between "cost only" (paid out of trust fund monies) and full rent. The Railroad Retirement Board indicated an intention to submit to the Congress a bill exempting RRB trust funds from the requirement to pay commercially equivalent rent. We have not received a response from the Health Care Financing Administration.

Question. If the trust fund agencies paid rental at the same rates as other Federal agencies, how much additional revenue would the Federal Buildings Fund receive each year?

Answer. In FY 1998 the Federal Buildings Fund would have received an additional \$90.7 million. In FY 2000 the Fund would receive an additional \$100 million.

REQUESTS FOR ADVANCE APPROPRIATIONS

Question. The budget requests fiscal year 2001 advance appropriations for construction of the FDA Consolidation in Montgomery County, Maryland, and a new headquarters for the Bureau of Alcohol, Tobacco, and Firearms. Why are you requesting advance appropriations for these particular projects?

Answer. For the FDA Consolidation project, we have requested \$80,450,000 in FY 2001 advance appropriations to construct 469,000 gross square feet of office space for the Center for Drug Evaluation and Research (CDER) in Montgomery County, Maryland. For the ATF project, we have requested \$83 million in FY 2001 advance appropriations for construction of a new single-tenant headquarters building. The request for an advance appropriation expresses the Administration's commitment to the FDA consolidation and a new ATF headquarters in a very scarce budget resource environment.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

With respect to the advance appropriations for the FDA, the agency currently is scattered in more than 39 buildings at 18 locations throughout the Washington metropolitan area. One of the objectives of the consolidation is to co-locate the laboratories with their corresponding offices. For example, CDER's primary function is to provide scientific and technical support for drug review and development. Its mission requires synergy and integration between the scientific research conducted in the laboratories and the review function conducted in the offices. The Administration is requesting funding in FY 2000 for construction of the CDER laboratory. The request for advanced appropriations for the corresponding CDER office is the Administration's commitment that it will relocate and consolidate the FDA by Center in recognition of the synergy between the scientific research and the review function.

Question. What is included in the fiscal year 2000 budget request for these projects?

Answer. For the FDA Consolidation project, GSA's FY 2000 budget proposes \$55,910,000 for the design of the entire consolidation effort and construction of a 100,000 gross-square-foot laboratory for the Center for Drug Evaluation and Research. For the ATF project, the Treasury Department budget request for FY 2000 includes \$15 million for site acquisition and related costs.

Question. What will the funds requested for fiscal year 2001 be used for?

Answer. Please see the response to the Question 'Why are you requesting advance appropriations for these particular projects?'

Question. Are the projects authorized?

Answer. Yes, these projects are authorized. The consolidation of FDA administrative and laboratory facilities was specifically authorized by the Food and Drug Revitalization Act of 1990, P. L. 101-635. Title I, Section 101, authorized the consolidation of the FDA's administrative and laboratory facilities. 104 Stat. 4583. Appropriations were authorized "to carry out this section" in fiscal year 1991 and subsequent years for "such sums as may be necessary." In addition, GSA is preparing a report pursuant to Sec. 11b of the Public Buildings Act of 1959 on the FDA consolidation.

The Senate Environment and Public Works Committee authorized the ATF Headquarters project June 6, 1997. The House Transportation and Infrastructure Committee authorized site acquisition, design and review for the project on October 9, 1998. On March 23, 1999, a request for authorization of the construction phase of the ATF Headquarters project was sent to the House Transportation and Infrastructure Committee.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Question. What is the total estimated cost of the FDA consolidation project? How long will it take to complete?

Answer. The total estimated cost of the FDA consolidation project in Montgomery County, Maryland, is approximately \$500 million which would be funded in stages over 4 to 5 years. The total consolidation is expected to be complete by 2007 subject to availability of funds.

Question. What work has been undertaken thus far at the White Oak site?

Answer. A master plan, Environmental Impact Statement, Traffic Management Plan, parking study, facilities space programming, and various pre-design studies have been completed for the FDA consolidation at White Oak. GSA is currently conducting a study of historic assets pursuant to Section 106 of the National Historic Preservation Act. The Navy is remediating the soils on the site.

Question. Does the FDA support this consolidation effort?

Answer. The FDA fully supports the consolidation effort. Consolidation has long been a priority of FDA. FDA is fully involved in all planning for construction of FDA facilities on the site.

Question. What is the total estimated cost of the ATF headquarters project?

Answer. The total estimated cost of the ATF headquarters project is \$103,234,000 that includes the site, design and review, management, inspection and construction of the project.

LEGISLATIVE PROPOSAL FOR COURTHOUSE FUNDING

Question. Mr. Barram, we furnished you with a copy of legislation being proposed by the Judiciary that will change the way funding requests for courthouses are presented to Congress. What is GSA's position on that legislation?

Answer. Although GSA has a very good partnership with the courts, we cannot support the proposed legislation. GSA achieves significant economies for the taxpayer by being the government's central real estate agent. The courts would just plan a building for the courts. We plan buildings and space assignments that consider the needs of the total federal government presence in an area. We maximize space utilization and achieve economies not just for our judicial branch tenants, but also for the non-judicial branch agencies that are housed in our buildings.

GSA has provided an important measure of budget discipline to the courthouse construction program by using a standardized system of project cost-estimating guidelines that is recognized and accepted by the Congress. Since 1995, our cost

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

benchmarking process for determining project budgets has resulted in approximately \$40 million in avoided expenditures in the courthouse program. The draft legislation would allow the judiciary branch to independently determine a project's scope. Under such a system, there would be no neutral check or verification of the project's timing, scope, and budget.

GSA would have no control over the effect of new and modernized courthouses on its portfolio. GSA would lose control over its long-range planning process and would essentially become an agent of the judiciary branch. Responsibility for ensuring that government-owned real property is fully utilized would be fragmented.

The proposed legislation would appropriate funds to the judicial branch to be deposited to the Federal Buildings Fund. GSA would lose control over project budgets including the flexibility to reprogram; i.e., transfer funds, between projects. Reprogrammings involve using savings on some projects to balance needs for more funds on other projects. The ability to reprogram between construction projects, up to 10 percent, without further approval by Congress is key to the effective and timely completion of courthouse and other construction projects.

The proposed legislation would significantly complicate funding for courthouse construction and modernizations. GSA performs many preliminary studies and analyses before requesting funding for a capital project; for example, environmental impact studies, prospectus development studies, site acquisition analyses, and preliminary planning work with the community. GSA funds these analyses from a Federal Buildings Fund account that is separate from the construction account to which the judiciary branch's appropriated funds would be deposited. It is unclear whether the judicial branch or GSA would fund these studies under the proposed legislation and how the funding level would be set. Also unclear is the source of funding for the cost estimates to be provided to the judicial branch pursuant to Section 605(a)(2)(A)(ii) of the proposed bill.

Also unclear is how courthouse projects funded by the judicial branch would be maintained after construction. GSA funds both ongoing maintenance and line-item repair and alteration (R&A) projects. How would funding for these projects be provided and who would be responsible? Determining the timing and scope of R&A projects would also be complicated if they were funded by the judicial branch through the Federal Buildings Fund.

The proposed bill would circumvent the Office of Management and Budget in the preparation of a unified budget program. GSA believes that construction funds for properties which will be constructed by the executive branch and remain in the executive branch's portfolio should be included in the executive branch's budget.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE**SAVANNAH, GEORGIA, COURTHOUSE**

Question. Mr. Barram, as you know, because of concerns over increased costs, the only courthouse construction project that was on the judiciary's priority list that the Transportation and Infrastructure Committee did not authorize and we did not fund last year was the Savannah, Georgia, annex project. Has GSA made a determination as to whether or not additional courtrooms are currently needed in Savannah?

Answer. Yes, GSA believes additional courtrooms are needed. Currently, the court includes two district judges, one senior district judge, one magistrate judge, one bankruptcy judge and a second bankruptcy judge who is shared half-time with the Middle District of Georgia. These six judges share four courtrooms. Only one of the courtrooms meets the size standards of the U.S. Courts Design Guide. However, it lacks the secure access required for district and magistrate courtrooms.

Based on their fiscal year 1998 projections, the courts indicated a future need for a total of seven courtrooms for two district judges, two senior district judges, one magistrate judge, and two bankruptcy judges. The Judicial Conference of the United States approved the Fiscal Year 2000-2004 Five Year Plan for courthouse new construction including the Savannah project subject to 11th Circuit Judicial Council reaffirmation of the court's housing requirements. The Council met on March 30, 1999, and by letter on April 2, 1999, reaffirmed those requirements, including restoration of the existing courthouse and connection with the annex.

Question. Is GSA working with the courts to identify other options, including the use of existing structures, for meeting the needs of the judiciary in Savannah?

Answer. The use of the existing structures in Savannah was analyzed during the design process. These buildings cannot accommodate the courtrooms required by the U.S. Courts Design Guide standards due to their column spacing and ceiling heights.

GSA has been developing and analyzing housing alternatives that would reduce the cost of the project. Preliminary discussions have been held with the Judiciary concerning the acceptability of the options.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE**ACQUISITION OF PAPER PRODUCTS**

Question. GSA currently has specifications for writing pads, legal pads, easel pads, and computing tape that require that the paper to be made from "not less than 95% bleached chemical pulp" and that the paper be white. It has come to our attention that these specifications prohibit the purchase of 100% post consumer content paper products that, other than containing a "groundwood component" and being gray in color, are of equal quality, sell on par, rather than at premium to virgin paper, and are manufactured using an environmentally friendly process. Why do your specifications require that paper be made from not less than 95% bleached chemical pulp?

Answer. The requirement for 95% bleached wood pulp in the specifications cited is to prevent the use of groundwood in amounts over 5%. Groundwood is used in the production of such products as newspapers. It has a negative effect on quality, longevity, color retention, and strength. In addition, groundwood diminishes the recyclability of paper by lowering its grade to 'newsprint' which makes it less desirable to recyclers and, therefore, less valuable.

Question. Why do your specifications require that certain paper products be white?

Answer. The specifications are coordinated with industry and adjusted, as necessary, to reflect what is acceptable in the marketplace and what is expected based on customer agency demand.

Question. Is there any reason why your specifications should not be revised to give agencies the option to purchase other types of paper products?

Answer. Since GSA is not a mandatory source of supply, agencies always have the option to purchase other types of paper products. In our efforts to accommodate agency requirements, however, we have included paper products of various compositions in our supply system. Some examples of the options we provide are: copier paper with high amounts of groundwood and post consumer content, papers that are chlorine free bleached, papers that have increased post consumer material content, and paper products that are totally unbleached. Negotiations are currently in progress to add kenaf (a renewable plant resource) type papers to our system.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Question. Section 506 of Executive Order 13101, which was issued on September 14, 1998, directs GSA to identify, evaluate, and revise or eliminate any standards or specifications unrelated to performance that present barriers to the purchase of paper or paper products made by production processes that minimize emissions of harmful byproducts. The evaluation was to include a review of unnecessary brightness and stock clause provisions, such as lignin content and chemical pulp requirements. Have you completed this review? If so, what was the result?

Answers. This requirement was originally introduced in the preceding Executive Order 12873, and was perpetuated in 13101. The review was completed. In some instances, we eliminated references to brightness because they were considered unnecessary, even though there were no objections reported by industry that these references presented any barriers to them. For some items, however, there are requirements to comply with Joint Committee on Printing (JCP - an agency of the Congress) specifications, which include specific brightness levels.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

POLICY AND OPERATIONS

Question. Please provide for the record a breakdown of the Policy and Operations appropriation between the Policy and Operations activities and a further breakdown of the major programs within those activities?

GENERAL SERVICES ADMINISTRATION POLICY AND OPERATIONS

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Y2K		17,468	
POLICY	52,364	51,054	57,935
Federal Supply Service	10,003	10,370	10,370
Federal Technology Service	3,493	3,700	3,700
Real Property Disposal*	12,675	27,137	25,795
Management & Administration	27,662	24,333	24,358
OPERATIONS	53,833	65,540	64,223
TOTAL	106,197	134,062	122,158

* In Fiscal Year 1999, \$7 million is from the D.C. Appropriation for Lorton, Virginia.

Question. The budget states that you will be absorbing \$3,073,000 in inflation increases within the base level for the account. What will the impact of that be?

Answer. The impact will be equivalent to 3.3% of the on-going program, in that of the total \$122,158,000 requested, \$27,552,000 is for the following program activities that must be fully funded: (1) \$14,242,000 for disposal activities associated with the disposition of Governor's Island and the Lorton Correctional Complex; (2) \$10,000,000 for the President's Accessible Information Technology program; (3) \$1,710,000 for the FY 2000 Electronic Commerce Infrastructure initiative; and (4) \$1,600,000 is for support of Congressional Offices; leaving only \$96,206,000 to support ongoing activities.

The impact of absorbing the pay raise and the higher costs of goods and services will be spread throughout the remaining program areas of this account in terms of reducing personnel costs through hiring delays, not back filling vacant positions and reducing other costs wherever possible. These actions would include: (1) reducing the opportunity for the Office of Governmentwide Policy to engage in initiatives that improve the process of Government such as expanding professional procurement training on-line over the Internet; (2) decreasing physical screening of excess and

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

surplus personal property with a resulting decrease in transfers as well as less face-to-face contact with customers; and (3) discontinuing a portion of our surplus real property protection and maintenance program as well as reducing the scope of our real property survey program.

Question. You indicate that 70 percent of your child care centers are accredited. Why aren't they all accredited? Are you taking steps to have all of your child care centers accredited?

Answer. Sixty-seven percent of GSA's eligible centers are accredited under the standards of the National Association for the Education of Young Children, a nationally recognized accrediting organization. By comparison, 7-10 percent are accredited in the private sector. We are working hard to improve our accreditation rate but, realistically, it will never be 100 percent because, whenever there is a turnover in center operators, the accreditation process starts anew. The process takes about one year and can't begin until after the new operator has gotten established, hired teachers, etc. To ensure that our accreditation schedule is on track, last month we wrote to each center that is eligible but not yet accredited and requested submission of a detailed plan to achieve accreditation. Any provider that does not comply in a timely fashion will be forced to leave our centers. We will also write to the centers that are not yet eligible for accreditation in order to make certain that they are on schedule in the process.

Question. Would you please provide us with more details regarding the \$10,000,000 included in the budget for accessible information technology programs?

Answer. The two accessible information technology programs are:

- 1) \$8M - Rapid Service Valuation and Preparation (RSVP) Access Program and
 - 2) \$2M - Evaluation and Validation of Information Technology (IT) for Individuals with Disabilities (aka IT -Testing for Accessibility Government-wide (IT-TAG) Program).
- These programs are detailed separately below

1. Rapid Service Valuation and Preparation (RSVP) Access Program

\$8M investment to rapidly scale-up the capacity of the federal information infrastructure to comply with the requirements of Pub. L. 105-220, Section 508 to accommodate people with disabilities.

A. Strategic Opportunity

On August 7, 1998, Congress passed the Workforce Investment Partnership Act. The revised Section 508 of this Act requires the Administrator of General Services to provide technical assistance for agency capacity-building to comply with the access regulations promulgated by this Act. The Office of Governmentwide Policy (OGP) chairs the Federal Information Services Applications Council providing leadership in accommodation practice through a demonstration center, clearinghouse, and

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

interagency forum, the Universal Access Working Group (WG). Led by the Universal Access WG, the Rapid Service Valuation and Preparation (RSVP) Access Program will employ interagency collaboration, together with sound, direct agency investments, to rapidly achieve comprehensive accommodation service standards and assistive technology practices. Today these services exist only partially in some agencies and are not integrated with existing IT programs. The OGP will serve as asset broker and expert knowledge facilitator to assemble a "best practice" investment transfer infrastructure through the Universal Access WG.

B. Anticipated Results

The RSVP Access program will enable the Federal government to conserve skilled human resources and reduce the hidden costs of information infrastructures that preclude or restrict participation and use by people with disabilities. This coordinated resources and knowledge-sharing approach will: 1) advance our national goal of the Federal government as a model employer; 2) pioneer augmentative information technologies and practices that minimize the effort required by Federal workers with disabilities to get what they need to do their work; and 3) leverage improved investments leading to a national IT infrastructure that accommodates the easy exchange of ideas and information among all members of our American society, including those with limitations of vision, hearing, or mobility. The Universal Access WG will also work with 1) GSA's Business Technology Council to facilitate the business offerings needed by agencies and 2) the National Science and Technology Council to facilitate the research pilots needed by agencies to advance the full range of human differences that can be accommodated. This combined approach of "sparking" innovative IT research, while advancing sound commercial action demonstrates public sector leadership in places where innovation is needed, broad societal returns are high, and the market infrastructure is not yet in place.

C. Governmentwide Collaboration

The Office of Governmentwide Policy (OGP) chairs the Federal Information Services Applications Council providing leadership in accommodation practice through a demonstration center, clearinghouse, and interagency forum, the Universal Access Working Group (WG). The Universal Access WG will lead the development of the RSVP Access Program. The Universal Access WG is under the Federal Information Services Applications Council (FISAC) of the National Science and Technology Council. The Universal Access WG works with the Chief Information Officer (CIO) Council's Interoperability Committee to integrate access requirements into the government-wide IT infrastructure. OGP, through the Universal Access WG will, also collaborate with the President's Task Force on Employment of Adults with Disabilities.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

2. Evaluation and Validation of IT for Individuals with Disabilities/ IT-TAG Program

\$2M investment in an independent testing laboratory for accessible technologies to improve the market for accessible technology and make it easier for government agencies and other purchasers to buy accessible technology.

A. Strategic Opportunity

Federal departments and agencies are mandated by Pub. L. 105-220 Section 508 to make their information infrastructures readily accessible to people with disabilities, but lack the information management tools to do so. There is no independent performance information commercially available to validate the stability and effectiveness of contractor proposed approaches to accessibility or commercial off-the shelf (COTS) products designed to make infrastructures accessible. Under OGP leadership, the increase requested would provide start-up funding to a private sector organization analogous to the Underwriter's Laboratory that would test information and telecommunications technologies to determine accessibility relative to the Access Board standards promulgated under Pub. L. 105-220. This program will enhance GSA's effectiveness, as mandated by Pub. L. 105-220, to support the rapid scale-up in the capacity of the federal information infrastructure to accommodate people with disabilities.

B. Anticipated Results

Access performance validation results would be widely available on the Web, providing the market metrics needed to align and leverage access-related supply and demand market forces. This information will be used to advance investment in flexible infrastructures that, in turn, enable Federal workers with disabilities to readily obtain the assistive technologies they need to do their work. Cost avoidance benefits to agencies will be significant: less downtime for workers with disabilities, less overhead costs, and less product replacement/obsolescence costs. This approach also aligns with private sector interests in advancing accessibility as a metric for advancing overall usability as procurement criteria for higher returns on software investments. This "underwriter's lab" for access information will become self-supporting from user fees.

C. Governmentwide Collaboration

The Office of Governmentwide Policy (OGP) chairs the Federal Information Services Applications Council providing leadership in accommodation practice through a demonstration center, clearinghouse, and interagency forum, the Universal Access Working Group (WG). The Universal Access WG will lead the development of the IT-TAG Program. The Universal Access WG is under the Federal Information Services Applications Council (FISAC) of the National Science and Technology Council. The Universal Access WG works with the CIO Council's Interoperability Committee to

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

integrate access requirements into the government-wide IT infrastructure. OGP, through the Universal Access WG will, also collaborate with the President's Task Force on Employment of Adults with Disabilities.

Question. Will there be follow on costs for this program?

There will be no net follow-on costs past the "catalyst" phase of these programs. The current plan is that we will use the \$10 million without fiscal year limitation with the goal toward established programs throughout the Executive Branch in anticipation that individual agencies will become conversant with the technology potential and integrate this practice into their on-going programs.

Question. If so, what is the total cost of this effort?

We expect the benefits agencies derive from adoption of this practice, including any costs they incur, would be sufficient to offset any net long term cost to the Federal government. Therefore we would not anticipate any net long term cost to the Federal government.

Question. How much is included in the budget request for the protection and maintenance of Governors Island in New York? Have any decisions been made regarding the long-term use of Governors Island?

Answer. We are requesting \$10 million to pay for such items as utilities; maintenance of facilities, the ferry service, and the historic property; security; and minor repairs. The Balanced Budget Act of 1997 directs GSA to sell the facility in FY 2002.

Question. How much is included in the budget request for the protection and maintenance of the Lorton Correctional Facility?

Answer. We are requesting \$2,758,000 for protection and maintenance of the Lorton Correctional Complex.

Question. What is the objective of the Electronic Commerce Infrastructure Program? Exactly how will the funds that you have requested be utilized? What is the total cost of this program?

Answer. The Office of Governmentwide Policy's (OGP), Office of Electronic Commerce (EC) leads the Government in promoting the use of electronic commerce tools and technologies to reinvent and improve Government. The Office of Electronic Commerce is home to the Federal Electronic Commerce Program Office (ECPO). Co-chaired by representatives from the General Services Administration and the Department of Defense, the Federal ECPO "coordinates, monitors, and reports on the development of EC within the Federal Government." The mission, stated another way,

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

is to provide a cooperative framework for Federal agencies to work together on EC, within the following objectives:

- Ensure consistent agency implementation of a Governmentwide EC plan;
- Help agencies find and use the best EC tools in support of their key applications;
- Identify, promote and leverage promising ideas and innovative practices; and
- Develop and support standards where necessary.

The Electronic Commerce office supports the use of commercial practices by seeking out strategic partners (commercial, Government, and non-profit) to:

- Adopt commercial practices and technologies;
- Jointly sponsor new EC initiatives; and
- Develop joint measures and benchmarks.

Question. Exactly how will the funds that you have requested be utilized?

Answer. The Office of Electronic Commerce initiatives (and funds utilized for those initiatives) include:

Electronic Data Interchange (EDI) - One of the key goals of the Office of Electronic Commerce is to work toward Governmentwide interoperability for electronic commerce applications. The Office of Electronic Commerce promotes the use of a variety of EC technologies. The strategy includes the use of EDI and web technology to achieve interoperability. The Office of Electronic Commerce supports Governmentwide EDI standards through the Federal Electronic Data Interface Standards Management Coordination Committee (FESMCC). Funding for FESMCC provides contractor support to help develop new implementation conventions for EDI standards and secretariat support. Funds utilized: \$600,000.

Electronic Catalogs - Teaming with an industry consortium of companies, and merchant Federal agencies, the Office of Electronic Commerce is developing a partnership to promote broad, easy access to electronic commerce across the Internet, through a catalog interoperability pilot. The office also fully participates in the RosettaNet initiative to implement electronic commerce standards for transactions on the Internet. Work will continue with RosettaNet to tie its efforts to the initiative of the CommerceNet's Catalog Interoperability Pilot. CommerceNet, a consortium of Government agencies and private sector companies, will test the wide usability of the RosettaNet's developments with an operational pilot on the Internet with the Catalog Interoperability Pilot II. The approach will embrace reviewing EDI and see where it ties to the use of emerging technologies such as Extended Markup Language (XML), Open Buying on the Internet (OBI), and other web-based commercial standards initiatives. Funding will allow continued participation in RosettaNet and to tie its efforts to the initiative of the CommerceNet's Catalog Interoperability Pilot. Funds utilized: \$600,000.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Electronic Procurement - Working as a catalyst to promote EC across government, the Office of Acquisition Policy is enhancing the Governmentwide Electronic Posting System (EPS) for integration with the Commerce Business Daily network. GSA completed pilot testing of the EPS application in 1998, and is now implementing it agency-wide for posting solicitations and notices of solicitations to the Internet. The other pilot agencies (NASA, Interior, Transportation and Air Force) will continue to pilot EPS in FY 1999. Effort is concentrated on further refining the EPS application to ensure the system's reliability to handle government-wide posting activity. Funding will allow enhancing and further refining the Governmentwide Electronic Posting System (EPS) and implementing it agency-wide for posting solicitations and notices of solicitation to the internet. Funds utilized: \$500,000.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Question. What is the total cost of the program?

Answer. The total cost is \$1.7 million for initiatives to strengthen the Federal Government's electronic commerce infrastructure.

For more information, visit the Office of Electronic Commerce's web page at <http://ec.fed.gov/>.

GENERAL SUPPLY FUND

Question. You indicate that you plan to purchase over 10,500 alternative-fuel vehicles in fiscal year 2000. How do the life cycle costs of those vehicles compare with conventionally fueled vehicles?

Answer. Since 1991, GSA has purchased over 27,000 alternative fueled vehicles (AFVs). This is the largest number of AFVs acquired by any single organization in the U.S. The 10,500 vehicles is the number of AFVs that we estimate our customer agencies would have to acquire in order for them to meet their Energy Policy Act compliance goals for fiscal year 2000. An explanation of each phase of the life cycle (acquisition, operation, and disposal), follows:

Acquisition. Most AFVs are more expensive than their conventional counterparts. There are three basic types of AFVs that GSA procures: gaseous fuel (compressed natural gas (CNG), propane), flexible fuel (unleaded/ethanol) and electric vehicles. Electric vehicles are the most expensive AFV to purchase -- the incremental cost is over \$20,000 compared to a similar conventional vehicle. Gaseous fueled vehicles on average cost \$5,500 more than their conventional counterparts. Currently, flexible fuel (alcohol/ethanol) vehicles have no incremental cost. The following examples are comparisons of the purchase price of conventionally fueled vehicles versus a comparable AFV.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Ford Contour (conventional)	\$11,624
Ford Contour (gaseous - CNG bi-fuel)	<u>17,109</u>
Incremental Cost	\$ 5,485
 Ford Pickup (conventional)	 \$12,747
Ford Pickup (gaseous - CNG bi-fuel)	<u>19,460</u>
Incremental cost	\$ 6,713
 Ford Ranger (conventional)	 \$11,604
Ford Ranger (flexible fuel— alcohol/ethanol)	<u>11,604</u>
Incremental Cost	\$ 0
 Ford Ranger (conventional)	 \$11,604
Ford Ranger (electric)	<u>33,267</u>
Incremental Cost	\$21,663

Operation. Our experience has shown that there is no significant increase in the operational cost of AFVs except for fuel. In some cases, the alternative fuel costs significantly more than conventional fuels on a gasoline gallon equivalent basis. In addition, the energy content of each fuel type is different than conventional fuels. The following table provides and compares the equivalent price per gallon that GSA pays for different types of fuel.

Alternative Fuel	Equivalent Price per Gallon	Conventional Fuel – Unleaded	Difference	Percent
Ethanol	\$2.00	\$.95	\$1.05	210%
Methanol	\$1.62	\$.95	\$0.87	105%
CNG	\$0.94	\$.95	- \$0.01	- 01%

Disposal. GSA has disposed of a large number of Dodge Spirits that were equipped to operate on methanol fuel. On average, the disposal value of those vehicles was \$149 (03%?) less than a comparable conventional vehicle. We have limited experience selling AFVs equipped to operate on natural gas. However, we have sold a few vans that operate solely on natural gas and the loss on the sale of those vans has been as high as \$2,800 (26%?) when compared to a similar conventionally fueled vehicle. Based on our experience and discussions with industry representatives, the disposal proceeds on vehicles operating on flexible fuel (unleaded/ethanol) fuels will be similar to comparable conventionally fueled vehicles. However, disposal of vehicles operating on gaseous fuels will be substantially less than comparable conventionally fueled vehicles, and vehicles operating on electricity may approach no salvage value.

In summary, the life cycle cost of AFVs depends greatly on the type of AFV being sold (flexible fuel, bi-fuel or dedicated) and the type of fuel that the vehicle is equipped to use (ethanol, methanol, compressed natural gas, propane or electric). However, the overall life cycle cost of an AFV ranges from slightly higher to significantly higher than

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

comparable conventionally fueled vehicles. For example, ethanol fueled vehicles cost approximately \$500 more per year than comparable conventional vehicles, and electric vehicles may exceed \$8,000 per year when compared to similar conventionally fueled vehicles. Of course, higher operating costs are offset by environmental and health benefits accrued by lower levels of pollution from these AFVs, although the benefits are not easily quantified.

INFORMATION TECHNOLOGY FUND

Question. What additional steps are you taking to improve the timeliness of Department of Defense payments to the Information Technology Fund?

Answer. On May 15, 1998, a Memorandum of Understanding (MOU) was signed between DOD and GSA's Federal Technology Service (FTS) which placed all DOD customers of FTS's Information Technology (IT) Solutions business line on the On-line Payment and Collection (OPAC) system effective July 1, 1998. While this effort has been successful, there is still a 60-day lag between disbursements to vendors and collections from DOD.

Question. What is the current cash balance in the Fund? What do you believe it should be?

Answer. As of March 30, 1999, the cash balance was approximately \$25 million. We are currently examining the level of the cash balance that should be maintained in this Fund over a span of time to cover upcoming expenditures for transitioning from the FTS2000 long distance telecommunications network to FTS2001, and other one-time expenditures. We will provide the Committee with the results of this analysis as soon as it is complete.

Question. Has the shortage of cash in the Fund had any adverse impact on the program?

Answer. Yes, because the cash in the IT Fund is not sufficient for us to increase our Information Technology Solutions business volume by a potential of \$2 billion annually, resulting in significant savings to our Federal customers. Even if the lag time between payments to vendors and reimbursement by customers was shortened to 30 days, there still would not be a sufficient cash balance to support our potential business volume increase. From an accounting standpoint, the current low cash balance has required daily monitoring to assure that it is sufficient to pay our vendors within 30 days as required by the Prompt Payment Act. Failure to do so would require us to pay an interest penalty. A number of these vendors are small businesses and late payments would create a hardship for them.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

In addition, we have not been able to maintain a cash balance that is adequate to cover the reserve requirements established to cover the costs of transitioning to the new FTS2001 long distance telecommunications network

SEAT MANAGEMENT

Question. Please explain how the Seat Management contracts will work.

Answer. The Seat Management contracts have the potential to revolutionize the way the government acquires information technology by providing desktop computing as a pure, non-owned service that encompasses the hardware, software, connectivity, management, operation, and maintenance of the desktop environment and its associated network infrastructure. The contracts will accommodate the full spectrum of desktop computing resources from general purpose to high performance, scientific and engineering environments. They will provide end-to-end information technology (IT) engineering and management services, and enable the government to acquire desktop functionality as a utility and pay for it by the seat. Individual task orders against the Seat Management contracts will be fully tailored to client agency requirements and will deliver a prescribed service level to the Federal employee's desktop.

Question. The budget justification material states that Seat Management contracts were awarded to eight prime contractors. Who are the contractors?

Answer. The contracts, worth a maximum value of \$9 billion over ten years, were awarded to the following eight prime companies:

- EER Systems, Inc.
- FDC Technologies, Inc.
- IBM Corporation
- Multimax, Inc.
- PRC Inc.
- Science Applications International Corporation (SAIC)
- TechServ LLC (DYNCORP)
- Wang Government Services, Inc.

Question. Do the contracts have minimum revenue guarantees? If so, what are they?

Answer. Yes, each contractor was guaranteed \$1,000. This minimum revenue guarantee has been met.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

PUBLIC BUILDINGS SERVICE

Question. The budget justifications state that one of your initiatives is to identify and separately charge for recurring security costs as part of customer tenant rent billing. How are security charges determined?

Answer. We determine security charges based on our costs to provide basic security and building-specific security.

Basic security is a flat charge per square foot for physical security specialists who perform building security risk assessments as well as other physical security activities, for control center operations, and for investigation and intelligence activities. Basic security charges also contain a proportionate charge for general and administrative costs associated with these functions.

Building specific security includes all charges that can be identified to specific buildings and tenant agencies based on space assignments within a building. These charges include contract security guards, security systems maintenance, the proportionate amount of general and administrative costs associated with these functions, and any special security equipment or personnel requirements identified by tenant agencies. These charges are being implemented in FY 1999.

Question. What is the status of the move of the Federal Communications Commission to the Portals Building?

Answer. All the moves are progressing smoothly and on schedule. The move will be complete in early May 1999.

Question. What is the status of the Patent and Trademark Office project?

Answer. GSA is in the final stages of a procurement of approximately two million square feet of office and related space for the use by the Patent and Trademark Office (PTO) in Northern Virginia. Two lawsuits filed by Charles E. Smith Companies, PTO's incumbent lessor and a competitor in the on-going procurement, are currently pending. One of the lawsuits, challenging the fairness of the procurement, was filed in the District Court for the Eastern District of Virginia on December 31, 1998. The other lawsuit, challenging GSA's compliance with the National Environmental Policy Act (NEPA) as it relates to the procurement, was filed in the District Court for the District of Columbia on March 18, 1999.

On February 16, 1999, the District Court for the Eastern District of Virginia ruled that there was no support in the record for Smith's charges that the Government's requirements were overstated or prejudiced Smith's ability to compete. The Court also found it unlikely that Smith could prove its allegations that the Government had violated the Public Buildings Act. However, the Court did direct that GSA issue the Program of

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Requirements (POR) and provide offerors three weeks to submit a final round of revised proposals.

The Government is finalizing the POR and expects to issue it shortly. Following issuance of the POR, offerors will be given three weeks to submit their final proposals. Following Government evaluation of these proposals, a selection of the offeror who presents the greatest overall value to the Government will be made, and a lease executed.

With regard to the NEPA lawsuit, the Government is confident that it has fully complied with all statutory and regulatory requirements related to NEPA review of this project. The Final Environmental Impact Statement (FEIS) was issued on January 22, 1999, and comments on the FEIS have been received. Following issuance of a Record of Decision, NEPA review of this project will be completed and GSA will be in a position to award the lease contract to the selected offeror.

Question. Are the projects for which construction funding is requested authorized?

Answer. The programs and projects listed in the following table have been previously authorized as noted. All other construction phase projects in the budget request are pending authorization.

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PROJECT	AUTHORIZATION	
	House Committee on Transportation and Infrastructure	<i>Senate Committee on Environment and Public Works</i>
Chlorofluorocarbon Replacement Program Various Buildings	5/17/94 11/16/95 8/1/96 No further authorization is required	5/26/94 10/24/95 7/24/96 No further authorization is required
Energy Program Various Buildings	5/17/94 11/16/95 8/1/96 No further authorization is required	5/26/94 10/24/95 7/24/96 No further authorization is required
Department of the Interior Washington, DC	11/16/95	6/26/97
Main Justice Building Washington, DC	8/1/96	7/24/96
Main State Modernization Washington, DC	8/1/96	7/24/96
Bureau of Alcohol, Tobacco, and Firearms Headquarters Facility Washington, DC	10/9/98 (site and design only)	6/5/97 (fully authorized)
Consolidation of the Food and Drug Administration Montgomery County, MD	The consolidation of FDA was authorized by P.L. 101-635, the FDA Revitalization Act of 1990.	

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Question. You have requested \$4,300,000 to demolish the existing U.S. Mission to the United Nations in preparation for construction of a new facility at the same site. Does this site permit you to construct a building that will meet current standards for security including appropriate setbacks?

Answer. The new facility can meet current standards for security on the proposed, Government-owned site. However, the building setback cannot be viewed as an absolute requirement. GSA will ensure that the new U.S. Mission facility meets security standards through an appropriate tradeoff between setback and the hardening of the building structure. There are no alternative sites in New York City of sufficient size and a location within reasonable proximity of the United Nations that can accommodate current security requirements solely by providing the required setback.

Question. What is the total estimated cost for the Chlorofluorocarbons Program? What is the current schedule for completion of the program?

Answer. GSA estimates the total cost of its chiller replacement and retrofit program at approximately \$700 million. Since FY 1995, approximately \$99,424,000 has been made available for this program. A schedule for completion of the program will depend upon the future availability of funding. In FY 2000 we are requesting \$20 million.

Question. In the description of the Energy Program, you state that the \$20 million invested in fiscal year 2000 will result in a cost avoidance of \$3,800,000. Is that a good investment?

Answer. Yes, spending \$20 million is a good investment because it will result in a cost avoidance of \$3.8 million annually. That means the projects will pay for themselves in 5.2 years. After 5 years, the cumulative cost avoidance will be \$19.0 million; after 6 years, \$22.8 million; after 7 years, \$26.6 million... Each year, the cumulative cost avoidance will continue to increase. An investment that shows a return on investment of almost 20 percent makes good business sense.

Question. You state that the goal of the Energy Program is to achieve a 30-percent reduction in energy use by 2005 compared with the 1985 baseline. What will it cost to achieve that level of reduction? When you reach the 30 percent goal, what will the annual cost avoidance be?

Answer. For years, we have estimated that it will cost approximately \$50 million per year to achieve the annual 2 percent reduction in BTU/gsf needed to meet the full 30 percent reduction goal. Appropriations have not been sufficient to reduce consumption by 2 percent per year. While our Energy Savings Performance Contracts and utility demand-side management programs are helping to meet our energy conservation goals, we are concerned that continued underfunding may hinder progress in meeting the full 30 percent reduction goal.

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When we reach the 30 percent goal, we expect the annual cost avoidance to be at least \$40 million. Historical data demonstrate that the energy conservation program consistently saves money. In FY 1985, GSA spent \$262 million for utilities. In FY 2000, we are asking for only \$257 million. In adjusted dollars, the FY 2000 utility bill will be about 35 percent less than the FY 1985 bill.

Question. Why are you combining the elevator needs at several buildings into a single prospectus project? Will you be requesting funds for additional elevator projects in future fiscal years?

Answer. GSA proposes the modernization or replacement of elevators in Federal buildings in order to provide efficient service to building occupants, to remedy obsolescence and physical deterioration, and to meet current life/fire safety and handicapped accessibility requirements. We request authority for these projects in a single prospectus to show Congress the scope and cost of our national prospectus-level effort to restore and improve elevator functionality in our buildings. We have submitted similar elevator prospectuses in GSA's fiscal year 1994, 1996, and 1997 programs and plan to continue this practice as future needs warrant. "Bundling" the work in this way allows us to realize economies of scale in this program.

Question. How many Federal buildings will be involved in the Glass Fragmentation Retention program? What is the total estimated cost of the program?

Answer. GSA is responsible for over 8,000 government-owned or leased facilities and we are examining the window protection needs of each one. We do not yet have a total estimated cost of providing window protection enhancements that will meet the specific requirements of each building.

Executive Order 12977 established the Interagency Security Committee to implement recommendations contained in the Department of Justice report "Vulnerability Assessment of Federal Facilities." This report set a minimum standard to provide fragment retention for windows in Level IV buildings. These are the facilities that because of their tenant population, volume of public contact, size, and agency sensitivity require the highest level of security.

The Committee's Construction Standards Working Group developed performance-based standards and guidelines for window protection. We are following this guidance to achieve facility-specific solutions; i.e., the window protection enhancements that will meet the specific requirements of each building. To determine these requirements, we are using tenant agency recommendations, security surveys, risk assessments, engineering recommendations, and cost benefit analyses. We are also considering the life cycle of the building and the life cycle of the alternative measures available to improve shatter protection. Based on all of these considerations, we will employ the retrofit solution (e.g., polymer film, laminates, blast curtains, and polycarbonate panels) that is most appropriate and cost-effective for each individual building.

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Our FY 2000 budget request includes \$32,000,000 to begin the window protection program in our Level IV government-owned buildings. We anticipate submitting a request for additional funding in future years to complete the program in GSA-controlled buildings as required.

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PATENT AND TRADEMARK OFFICE CONSOLIDATION PROCUREMENT

Question. The Program of Requirements (POR) for this project is more than a year overdue. A U.S. District Court has now prevented you from making a lease award until the POR is issued. When do you anticipate issuing this document?

Answer. The POR is not overdue. The Solicitation for Offers for the project provides that the POR will be delivered to the successful offeror at award. However, the District Court for the Eastern District of Virginia recently ruled that the POR should be provided to all offerors for use in preparation of their best and final offers and that the offerors should be given three weeks to respond. GSA and PTO are presently working to finalize the POR and expect to issue it shortly.

Question. What is preventing you from issuing the POR right now?

Answer. As noted above, GSA and PTO are working diligently to complete the POR and expect it to be complete shortly. This effort has included incorporating into the POR the recently completed agreement with PTO's major union, the Patent Office Professional Organization (POPA), and the March 29, 1999, decision from the Federal Services Impasses Panel that resolves POPA's remaining concerns.

Question. When do you anticipate making the lease award?

Answer. GSA anticipates being in a position to award a lease by early-June 1999.

Question. It has been difficult to get definitive answers to questions about the cost of this project. Last September 23, in a hearing on this project before the Senate Environment and Public Works Committee, GSA Public Buildings Service Commissioner Robert Peck made the following statement: "The rental rate that we are going to procure this space for, and the prospectus that you all approved requires us to -- only allows us to -- pay a rent that is below the rent per square foot than we're paying right now." Yet the facts appear to show that the rental rate will actually be more, not less than the current rate. Mr. Peck made that statement in 1998. It appears that the rate approved under the prospectus, as escalated for inflation, was \$25.41 per rentable square foot for 1998. Is this figure correct?

Answer. Yes, the maximum authorized rent for FY 1998 was \$25.41 per rentable square foot. And, as Commissioner Peck correctly stated, this authorized rental rate was less than the average rent payment for FY 1998, which was \$25.76 per rentable square foot (see Question 2 below). The prospectus provides for escalation of 2.9 percent annually to the effective date of the lease.

And the simple fact of the matter is that -- whether we compare the Congressionally authorized rental rate for new space with the average rent payment for current space in FY 1996 or in FY 1998 -- it is cheaper to lease consolidated space for PTO than the

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space in multiple locations that it currently occupies (see Question 3 below). Moreover, this renovated or newly constructed space will meet PTO's operational needs for the next 20 years.

Question. It appears that the rental rate GSA actually paid in 1998 was actually less than this amount, \$25.00 per rentable square foot. Is this figure accurate? Please provide any and all documentation that supports your calculations.

Answer. No, this figure is not accurate. As we reported to the Committee last year, the average rent payment for FY 1998 was \$25.76 per rentable square foot.

The table below, which we also submitted to the Committee in response to a question for the record following our appropriation hearing, documents our calculations. It provides a breakdown of current rental rates including an average blended rate for all headquarters space occupied by PTO. The rates include utilities, but do not include fiscal year 1997/1998 CPI increases in the operating cost.

BUILDING NAME	RENTABLE SQUARE FOOTAGE (RSF)	ANNUAL RENT (\$/RSF*YR AS OF FY 1996)
Crystal Park 1	224,017	\$26.81
Crystal Park 2	393,504	\$27.24
Crystal Park 3	103,465	\$27.52
Crystal Plaza 1	4,683	\$23.76
Crystal Plaza 2/3/4*	678,437	\$24.38
Crystal Plaza 6	31,100	\$23.92
Crystal Mall 1	179,970	\$24.89
Crystal Mall 2/3/4	44,337	\$26.14
Crystal Square 2	2,411	\$25.56
Crystal Square 4	28,715	\$24.93
Crystal Square 5	6,774	\$25.92
Crystal Gateway 2	32,341	\$25.27
North Tower	19,787	\$26.83
South Tower	156,943	\$26.83
TOTAL	1,906,484	\$25.76

*The rental rate for Crystal Plaza 2/3/4 includes electrical costs which are paid directly by the tenant agency.

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Question. The Inflation indicator built into the lease appears to be the cause of any confusion. The prospectus amount started at \$24 per square foot in 1996, and built in an automatic 2.9 percent inflation escalator each year. This is now 1999 and the project is still years away from completion. The most accurate way to measure whether this project will be more or less expensive than the current rent is not to start with 1996, but to start with the first year PTO would actually move into new, consolidated space and then compare the total difference over the life of the lease. Measured accurately, it appears that this would show that existing space is less expensive by tens of millions of dollars. It appears that the most likely occupancy year is somewhere between 2002 and 2004. What do you believe to be the most likely occupancy year?

Answer. Based on an award date of June 1999, initial occupancy would occur no earlier than October 2001 and no later than June 2003. The actual occupancy year will vary depending upon the schedules of the successful offeror.

Question. For whatever year you answer, what would be the prospectus approved amount per rentable square foot for that year, including the inflation escalator, and what would be the amount paid under existing leases per rentable square foot for that same year?

Answer. The maximum authorized rent for FY 1998 is \$25.41 per rentable square foot. The prospectus provides for escalation of this figure by 2.9 percent annually to the effective date of the lease. The maximum authorized rent for:

FY 2002, would be \$28.49 per rentable square foot.

FY 2003, would be \$29.32 per rentable square foot.

FY 2004, would be \$30.17 per rentable square foot.

The majority of PTO's current leases expire in FY 2001, with sizable rent increases for renewal options of up to ten years. GSA would have to negotiate sole-source extensions with the existing lessor from a diminished bargaining position. Therefore, it is likely that the lease rate will go up at least by the same escalation rate and probably by more.

The validity of comparison between newly acquired space and existing space is further diminished because the current lease consolidation project will result in PTO's occupancy of renovated or newly constructed, class A office space that meets the agency's operational needs for the next 20 years. In contrast, the current space is a mixture of buildings ranging from class A space to class C space, with the majority of the space being class C space. Any comparison of the costs of consolidating in class A space as opposed to remaining in unrenovated, existing space is not "apples to apples".

GSA is currently working with PTO to respond to a letter from Congressman Bob Franks dated March 24, 1999, that includes an estimation of the existing leases in

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outlying years. We will forward a copy of the response to the Committee when it is complete.

Question. Using that same year as the starting point, what would be the total cost per rentable square foot for the life of the lease under the prospectus, and also under the existing lease? Please provide any and all documentation that supports your calculations.

Answer. The total cost over the life of the lease depends on the price proposal received from the successful offeror. Because the procurement is on-going, price information is procurement sensitive. However, based on the prospectus, not including cost escalations and tax adjustments to which the lessor may be entitled over the term of the lease (which would be due at the PTO's existing locations as well), the maximum cost per square foot based on FY 2003 occupancy would be \$29.32 per rentable square foot.

It is not possible to compare the above cost with the 20-year cost of leasing space under the current leases because the current leases do not provide for 20-year future occupancy. Rather, the majority of PTO's current leases expire in FY2001, with sizable rent increases for renewal options of up to 10 years. In order to provide for 20 year future occupancy in PTO's existing leased buildings, GSA would have to negotiate sole-source extensions with the existing lessor from a diminished bargaining position. Thus, it is likely that 20-year occupancy at PTO's current locations would be considerably higher, on an annual basis, than the rents currently being paid.

The validity of comparison between newly acquired space and existing space is further diminished because the current lease consolidation project will result in PTO's occupancy of renovated or newly constructed, class A office space that meets the agency's operational needs for the next 20 years. In contrast, the current space is a mixture of buildings ranging from class A space to class C space, with the majority of the space being class C space. Any comparison of the costs of consolidating in class A space as opposed to remaining in unrenovated, existing space is not "apples to apples".

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Question . Arthur Andersen produced a study on this project which concluded that a PTO relocation would result in a cost increase of \$47.7 million rather than the cost savings of \$72.4 million that PTO claimed, a cost differential of \$120.1 million. The Andersen study identified several methodological problems including the use of dual rent calculations, cost figures that are obsolete because assumptions for completion of the project are years out-of-date, and outdated FY 1996 dollars to calculate rental rates ignoring inflation escalators for the last several years. What is your response to the concerns raised by the Arthur Andersen study?

Answer. GSA is currently working with PTO to respond to a letter from Congressman Bob Franks dated March 24, 1999, on this issue. We will forward a copy of the response to the Committee when it is complete.

Question. Specifically, do you agree with their conclusion that this project would result in a cost increase of \$47.7 million? If not, please state what you feel the cost differential would be and why?

Answer. No, we do not agree. See Question above.

Question. The cost of the interior build-out on this project has also been criticized. The total projected build-out cost is \$117 million, \$88 million planned by GSA and \$29 million planned by PTO. This puts the cost per occupiable square foot at \$58.82. In answer to questions submitted for the record last year, the highest interior build-out cost per occupiable square foot for any other project that you could identify was \$45.32 for NOAA. The projected build-out for this project is, then, \$13 higher than the all time record. Are these figures accurate?

Answer. No, the \$58.82 figure is not comparable because it includes the estimated \$14.58 per occupiable square foot cost of "above standard" items.

The numbers which we provided to this Appropriations Committee on March 24, 1998, are the costs for GSA-standard fit-out that are directly comparable to the costs for interior build-out costs from a cold dark shell (which is the approach being used for PTO). These figures are \$45.32 per occupiable square foot for the NOAA project (in FY 1998 dollars) as compared to \$44.24 per occupiable square foot for PTO.

Funding for "above standard" fit-out items will be provided directly from PTO. These "above standard" items include locks on office doors (to protect proprietary intellectual property data), uninterruptible power systems in computer facilities and isolated ground computer outlets (to protect the integrity of the PTO's data network), and upgraded lighting (to support examination work). Any expenditures of such above standard funds at the PTO's consolidated site are submitted as part of the budget process to PTO's Appropriations Committees.

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PTO's estimated "above standard" expenditures (\$29 million/1,989,116 occupiable square feet (OSF) = \$14.58 per OSF) are lower than those incurred by other recently consolidated agencies. For example, the Federal Energy Regulatory Commission's cost at Union Center Plaza was approximately \$16.50 per OSF and Customs' cost at the Ronald Reagan Federal Building was \$18.26 per OSF. EPA's cost at the Ronald Reagan Building (not including security) was \$37.50 per OSF, which included complete replacement of the base building lighting offered by GSA with "green lights" (energy-efficient lighting).

Question. The Inspector General for the Department of Commerce issued a lengthy report on this project. He found that the project lacked a defined cost ceiling and made eleven specific recommendations. What have you done to implement the eleven recommendations? Please provide a status report for each item.

Answer. Johnnie E. Frazier, Acting Inspector General (IG) of the Department of Commerce (DOC), testified about his Office's findings at the September 23, 1998, hearing on the PTO consolidation project that was held by the Subcommittee on Transportation and Infrastructure, Senate Committee on Environment and Public Works. Mr. Frazier stated that the Department of Commerce and PTO have taken a number of steps to address his Office's concerns, and closed by stating that he wanted to reiterate his belief that "PTO needs to move forward with its competitive space consolidation project because it is in the best interest of the Department and the inventing public. We believe that the greater risk lies in delaying this project. At the same time, I can not overemphasize the importance of carefully managing this project to contain costs as it continues."

PTO/DOC continue to keep the IG's Office informed regarding the project and to seek his Office's input regarding ongoing major project decisions. The status of the Agency's response to the IG Report's specific recommendations is as follows:

1. *PTO should continue with the lease project.*
The project is continuing.
2. *PTO should finalize the analysis of its space requirements.*
The POR is nearly finalized and is scheduled for release mid-April 1999.
3. *PTO should work to conclude its agreements with employee unions.*
PTO reached agreement with National Treasury Employees Union (NTEU) Locals 243 and 245 on November 24, 1997. PTO reached agreement with Patent Office Professional Organization (POPA) on March 29, 1999.
4. *PTO should assess the impact of its reengineering initiatives on its space needs.*
The POR does address these initiatives. The Acting DOC IG testified at the Senate hearing that PTO's consolidation plans account for the reduction in paper storage that will occur as a result of the agency's automation efforts, and he

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acknowledged that further benefits from reengineering/automation cannot be realized at this time.

5. *PTO should prepare a discrete build-out budget – including an absolute limit of the Government's liability in the SFO – before lease award.*

The estimate that established the \$88 million and the \$29 million budget was an independent government cost estimate that used discrete elements. Per the IG's recommendation, the PTO's above standard build-out spending was capped at \$29 million in SFO Amendment No. 12, issued October 9, 1998. Any PTO expenditures for above GSA-standard build-out are further subject to the Congressional authorization and appropriations process. Per direction from the PTO's Senate Appropriations Subcommittee, the PTO reports to the Committee on a quarterly basis on PTO's efforts to control project costs.

6. *PTO should not appoint a PTO representative to serve as the contracting officer's representative (COR) until construction is complete and lease payments begin.*

PTO has not requested that a PTO representative be appointed a COR for the project.

7. *PTO should specify that the developer/lessor must accumulate costs at the lowest individual task level before lease award, in order to control and monitor costs during the build-out phase.*

Sections D.6.8 and D.6.10 of the SFO establish such cost control mechanisms.

8. *PTO should execute a written interagency agreement with GSA to record the terms and conditions of the agencies' oral understandings.*

A Memorandum of Understanding (MOU) was executed by GSA on August 11, 1998, and by PTO on September 4, 1998. A copy is attached.

9. *PTO should not agree to any arrangement with GSA in which the GSA fee is set as a percentage of costs which are not capped.*

A fee cap is established in the MOU.

10. *The Department of Commerce (DOC) Chief Financial Officer and Assistant Secretary of the Administration should provide oversight, assistance, and guidance to ensure that PTO completes its POR space requirements in time to avoid delaying the lease award.*

The Secretary of Commerce has identified the project as one of his top initiatives. Senior DOC staff review and approve project plans and budgets, all inter-agency (GSA/PTO) agreements, and major project initiatives. For example, the DOC General Counsel's Office reviewed and approved the Memorandum of Understanding between GSA and PTO, a Department representative was involved in union negotiations, and the Department is now engaged in reviewing the POR.

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11. *The DOC Chief Financial Officer and Assistant Secretary of Administration should establish effective oversight policies and procedures.*

DOC oversight of the project is directed by the Office of the Acting Chief Financial Officer/Acting Assistant Secretary for Administration (CFO/ASA), who has assigned a senior real estate analyst to oversee the project on an ongoing basis. A senior DOC procurement executive from the CFO/ASA organization serves on the Source Selection Board. Continued DOC oversight occurs from the highest levels.

Question If a recommendation has not been implemented, please explain why this is the case and state when you expect the recommendation to be implemented. Please provide all documents related to these recommendations.

Answer. All recommendations have been implemented.

Question. Many of the building requirements included in the solicitation apparently either exceed what are typical requirements for "Class A" office space, or exceed the standard requirements found in the GSA's Advanced Acquisition Program, your guidance document for building requirements. Please explain the need for the requirement, what is the standard requirement, what each bidder would have to do to comply with the requirement and what alternative approaches are available to the requirement, with particular attention to the following examples.

1. The live load requirement of 150 lbs./square foot for 20 percent of the occupiable floor bays on each floor.
2. The requirement for toilet rooms to be located so that no employee will have to travel more than 200 feet on each floor to reach a toilet room.
3. The requirement for passenger elevators to have the capacity to transport 16 percent of the building population above the first floor entry level in five minutes based on a floor population of 155 occupiable square feet per person.
4. The requirement for 3' by 3' empty service shafts throughout the facility.
5. The requirement for a Heating, Ventilation, and Air Conditioning ("HVAC") system capable of incrementally isolating each 10,000 occupiable square feet of the buildings.
6. The requirement for dual power feeds originating from two separate utility power substations.
7. The requirement for an electrical load distribution requirement of 5.5 watts per square foot.
8. The requirement for two communications rooms on each floor.

Answer. This question relates to specific allegations raised by a lawsuit filed in the District Court for the Eastern District of Virginia on December 31, 1998. GSA is currently responding to these allegations and will provide a complete response at the conclusion of the litigation.

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GSA's Advance Acquisition Program (AAP) is not GSA's "guidance document for building requirements." The AAP is unique to the National Capital Region; it is merely a procurement vehicle that is designed to acquire blocks of space in an expeditious manner. The objective for the SFO specific to the PTO procurement was to obtain quality space that will enable PTO to accomplish its mission for the next 20 years.

Each bidder is required to meet all requirements of the SFO, including those listed below.

1. The structural live load requirements of the solicitation are designed to satisfy PTO's program needs for upgraded floor loads based on the large number of patent and trademark search and case files to be stored in the consolidated facility. This requirement was first identified in the Prospectus Development Study related to the project, was confirmed by engineering analysis prior to issuance of the SFO, and is consistent with structural requirements in other headquarters consolidation projects.
2. The toilet room travel distance requirement represents a national GSA design standard that is part of GSA's standard lease solicitation for offers. Prior to issuing the solicitation, GSA considered requiring an even more stringent travel distance standard but declined to do so in order to accommodate the offering of existing buildings.
3. The nature of PTO's mission makes efficient passenger elevator performance particularly important. PTO is required to lower production quotas for patent examiners to account for non-productive travel time. Thus, it is critical that these professionals have the ability to quickly access other floors and areas of the facility. Moreover, the passenger elevator performance criteria stated in the solicitation are consistent with GSA national design standards and other headquarters consolidations.
4. The service shaft requirement will allow for Government access to secondary distribution in the leased facilities in remote locations of each floor. By providing this access, the need for longer and more problematic cable and other piping runs is eliminated. Since the cost for such runs is likely to be borne out of the Government's fit-out allowance, the shorter runs required will result not only in more efficient operations but also a more efficient use of the Government's fit-out allowance.
5. Due to the unique nature of its operations, PTO has numerous functions that often work beyond typical working hours. In order to control after-hours energy usage and costs (the Government will be directly responsible for payment of all electric costs for the leased space), PTO requires that it have the capacity to isolate and operate only those areas of its facilities where people will actually be working beyond normal hours. Such zonally controlled HVAC systems are commonplace features of modern office buildings.

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6. The dual power feed requirement of the SFO reflects PTO's program need to protect against interruptions of electrical service to critical power users. This is especially important given PTO's plans to automate the patent and trademark application process. Since the electronic version of patent and trademark applications will become the Government's official records, the integrity of PTO's data system and, accordingly, its power supply, are critically important.
7. The electrical load requirements of the SFO are comparable and consistent with PTO's expected usage of the facility and with other headquarters consolidation projects.
8. The dual communications room requirement of the SFO is designed to protect the integrity of PTO's data network and safeguard proprietary application data. This requirement will ensure efficient PTO voice and data communications, and provide necessary redundancy to PTO operations.

Question. GSA and PTO have commissioned a number of private sector studies relating to this procurement. Two of the reports, the Deva & Associates and the Jefferson Solutions report, have already been provided to Congress. When do you anticipate the third report by Spaulding & Slye will be transmitted to Congress?

Answer. The Spaulding and Slye report, dated July 31, 1998, was given to Congress in a September 8, 1998, letter to Representative Kim and again in October 13, 1998, letter to Senator Sessions in response to their questions. A copy is enclosed.

Question. Please provide to the extent possible:

1. Copies of all draft Program of Requirements.
2. All communications and documents reflecting the need to move the PTO to newly constructed buildings.
3. All communications addressing the impact of the building requirements included in the solicitation on i) the expected cost of the PTO consolidation procurement, and ii) the ability to secure competitive offers from offerors of new and existing office space.

Answer.

1. GSA expects to issue the POR in mid-April and will transmit a copy to the Committee upon its issuance.
2. Pertinent documentation for the need for new space is contained in the prospectus. The consequence of the procurement for new and upgraded space to meet PTO's requirements may result in a move into newly constructed buildings. It may also result in consolidation in renovated space.
3. GSA has received numerous correspondence from bidders during the procurement process related to various solicitation requirements. These correspondences are

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procurement sensitive. On February 16, 1999, the Eastern District of Virginia ruled that the Government had acted reasonably in establishing its solicitation requirements and that there was no inherent prejudicial bias in favor of bidders proposing the construction of new buildings.

[CLERK'S NOTE.—Copy of Program of Requirements is retained in the Committee files]

MEMORANDUM OF UNDERSTANDING

DEPARTMENT OF COMMERCE
 PATENT AND TRADEMARK OFFICE
 and
 GENERAL SERVICES ADMINISTRATION

The purpose of this Memorandum of Understanding (MOU) is to provide for an agreement between the Patent and Trademark Office (PTO) and the General Services Administration (GSA), associated with the acquisition and occupancy of 1,989,116 occupiable square feet (OSF) of space in accordance with Prospectus Number PVA-96W07 ("Prospectus") and Solicitation For Offers (SFO) Number 96.004.

A. The parties enter into this MOU pursuant to the Public Buildings Cooperative Use Act of 1976, 40 U.S.C. § 601(a) and 40 U.S.C. § 490(j) and all other requisite authorities at law. This agreement is further subject to the provisions of the Anti-Deficiency Act.

B. PTO and GSA agree on the following key objectives:

1. That the purpose of this acquisition is to lease a new or rehabilitated building complex to provide for a consolidated headquarters facility for the PTO,
2. That the lease will be for a 20 year firm term, with a 10 year (two 5-year or one 10-year) extension option and purchase options at years 20 and 30.
3. That the PTO and GSA will both apply their best efforts to achieve the milestones detailed on the project schedule (Attachment No. 1 to this MOU).

C. PTO and GSA agree to the following actions designed to achieve the objectives of this acquisition.

1. PTO will maintain a dedicated Project Manager who will serve as GSA's primary point of contact throughout the consolidation.
2. GSA will maintain a dedicated Project Manager who will serve as PTO's primary point of contact throughout the consolidation.
3. The PTO Project Manager or her designee will attend meetings and lease negotiations with Phase Two Offeror representatives and GSA officials. The dates and locations of these meetings and negotiations will be mutually agreed upon by the GSA Project Manager or Contracting Officer and PTO Project Manager. The PTO's contact with Offeror agents and representatives will be coordinated through GSA.
4. PTO and GSA will mutually cooperate to pursue appropriate alternatives which will minimize the disruption to PTO and the cost to the Government should the procurement fail to produce an offer which meets all minimum requirements. Such alternatives might include, but are not limited to: amending the Prospectus, amending the minimum requirements, extending existing Leases, and/or utilizing space in the existing Government inventory.

5. PTO and GSA will reasonably budget for expenses expected to be generated by this consolidation, such that neither party may delay or influence the procurement by artificially limiting funds which are collateral to its execution. In furtherance thereof, GSA agrees to provide its regional office responsible for procurement, award and administration of the Lease contract with adequate funding to support the project, in an amount not less than \$4.5 million, to be distributed between the date of execution of this Memorandum of Understanding and the end of Fiscal Year 2003.

D. The GSA will secure this space requirement and provide real estates services to the PTO.

1. GSA's real estate services ("Services") will include acquisition, property management, security and indemnification against certain project risks, primarily vacancy risk. The Services are further described below.

a. The acquisition services will generally include: schedule and coordinate project; survey the market; solicit offers; review and evaluate offers; negotiate offers; prepare lease documents; award lease; provide post award services; requirements development; technical services (estimating and construction management); appraisals (when necessary); lease administration for the lease term; GSA legal staff support.

b. The property management services will generally entail the provision of advice and assistance to PTO in conjunction with the daily operation, maintenance and lease administration of the facility in the areas of: building inspection; energy conservation; custodial services; building operation and maintenance; safety and environmental management; and lease interpretation and management. Property management services also include: coordination and tracking of agency space alteration projects; management of the administrative contracting officer program; oversight of the delegations program budget process; and general and administrative support within the National Office and the Regional Office.

c. The security services will generally include: monitoring of security devices and systems; crime prevention and employee awareness activities; investigation of criminal incidents by FPS personnel; performance of physical security surveys; assistance and advice to PTO's building security personnel; coordination of comprehensive nationwide Occupant Emergency Program; liaison and coordination activities with other Federal, state and local law enforcement departments. PTO will provide guard service and real-time monitoring of security system. In the event the future GSA policy for security services is expanded to permit agencies to elect to use alternate procedures, the PTO reserves the right to negotiate alternative arrangements.

d. The indemnification fee recognizes the recovery of costs associated with commitments by the Public Building Service to insulate its clients from economic risk. Specifically, the costs are attributable to GSA's ongoing business practice of allowing 120 day cancellation by the client as well as the processing of claims and protests and handling of legal issues.

2. The PTO will pay the GSA a fee ("Fee") for the cost of Services. The Fee is established pursuant to GSA's new pricing policy. Upon acceptance of the space at the consolidated

facility, the fee shall replace the charges that PTO now pays to GSA for similar services at the PTO's current locations. The fee is calculated as described below. In no instance shall the annual rent or total rent used to establish the Fee exceed the approved Prospectus limit.

a. The acquisition portion of the Fee is a one time fee equal to \$624,250.00 plus 0.60% of the value of the Lease Contract above \$50,000,000.00. The value of the Lease Contract is equal to the total annual rent times the twenty year fixed term ("Term") of the Lease. The acquisition portion may be amortized over the Term at the then-current cost of federal funds. In the event that PTO releases all or a portion of the space to GSA prior to the end of the Term, PTO is not required to reimburse GSA for any remaining unpaid balance of the acquisition fee. The acquisition portion of the Fee does not include any of the costs associated with evaluating and/or executing the extension options.

b. The property management portion of the Fee is determined by the nature of the servicing agreements between GSA, PTO and the Lessor. For a leased, owner serviced, delegated office building, as is described in Section F below, the property management portion of the Fee is equal to \$.10/RSF per year.

c. The security portion of the Fee is equal to \$.16/OSF per year for the basic services plus \$.38/OSF per year for the patrol and response services described in Paragraph D.1.c above and is subject to escalation with increases in the cost of living. Additional services such as FPS police officer staffing or other building specific security measures are reimbursable to GSA. In addition, a building specific charge as estimated by the regional FPS will be charged.

d. The indemnification portion of the Fee is a yearly amount equal to 2.5% of the total annual rent.

e. In the event that PTO requires additional tenant construction above the Fit-out Allowance, such work will be funded by a Reimbursable Work Authorization (RWA) as described in Section F.5. The GSA fee for administration of this work is equal to 0.25% of the cost of the work. PTO agrees that it will not request more than \$29,000,000 in additional tenant construction. GSA agrees to establish, as part of its RWA administration fee, cost control procedures to ensure that the design and construction of such additional tenant construction does not exceed \$29,000,000.

3. GSA will make available, under the umbrella of its Integrated Occupancy Services (IOS) program, such additional services as may be useful in supporting PTO in its headquarters consolidation. Such services may include, but are not limited to: furniture inventory, specification, excessing and procurement; telecommunications system design and procurement; computer systems design and procurement; security system design and procurement and on-going security contracts; relocation planning and physical move services; appraisals and negotiations related to purchase options and/or lease extensions. The cost for such additional services as well as any other non lease acquisition RWA work shall be mutually negotiated and shall be funded by PTO.

E. The PTO is currently housed in approximately 1.7M occupiable square feet of GSA-controlled office space, under 31 leases in 16 buildings in Crystal City, Virginia.

1. The space consolidation addressed in this MOU will result in more efficient space occupancy, is in the best interest of both parties and is not a "forced move" for the purposes of determining agency entitlements. Move costs will be funded by PTO.

2. When the PTO relocates to its new facility, GSA will be responsible for rental and termination fees arising from vacancy in space which PTO currently occupies, if such space was first leased prior to January 1, 1998, and provided that PTO has followed the requisite procedures, including 120 day advance notice, and further provided that PTO shall release space in a minimum of full floor increments. The PTO's rental obligations in Crystal City space will be reduced accordingly as of the date full floor square footage is released in "broom clean" condition. In the event that any such space is procured under, or converted to, the "New Pricing" policy, PTO shall repay any unpaid balance of amortized fit-out costs in addition to ensuring that full floor square footage is released in "broom clean" condition.

3. The PTO and GSA recognize that there will be some time period, (e.g., when the computer room is being equipped or when furniture is being installed) during which PTO will be paying rent for portions of two facilities. PTO and GSA agree to mutually cooperate to minimize the period for payment of any such double rent.

F. The GSA will issue a delegation of authority to the PTO for lease administration and property management of the space acquired under the consolidated lease.

1. After acceptance of all of the 1,989,116 OSF of space by the Government, GSA will issue a supplemental lease agreement providing the Lessor with notification of the delegation of authority.

2. Following such delegation, the GSA will continue to provide and manage any outstanding or ongoing Services as described in Paragraph D.1 above, including without limitation assistance in resolution of claims or disputes.

3. The PTO shall be responsible, under its delegation, for providing all property management services previously provided by GSA, with the exception of those services listed in Paragraph D.1.b above. In the event the PTO requires additional property management services from GSA, the cost of such services shall be mutually agreed upon.

4. GSA will accept space in the new facility in two phases as described in SFO 96.004 and in accordance with the schedule negotiated with the Lessor pursuant to Section E of the SFO. PTO will have the opportunity to complete certain work within the new space (such as computer and telecommunication wiring, but not including furniture installation) prior to acceptance provided that PTO completes such work in a timely manner and does not delay the Lessor's substantial completion. PTO will be responsible for payment of rent to the Lessor upon acceptance of the space. PTO will be responsible for payment of fees to GSA by procedures to be further described in the Occupancy Agreement.

5. The PTO space will be classified as General Purpose and as Parking for purposes of the GSA inventory. The initial space alterations allowance of \$88,000,000 required by the SFO shall be used to deliver a fully tenantable facility, with office and special purpose space constructed in the manner that best meets PTO's mission needs. It is expected that the initial space alterations will be approximately equivalent to those specified in the Federal Property

Management Regulations (FPMR), as reflected in the Heery International cost estimate dated September 29, 1995. These FPMR-standard initial space alterations will be amortized in the rent. PTO and GSA will participate in value engineering efforts, as necessary, to enable GSA to deliver tenantable space to PTO within the \$88,000,000 allowance. Any above FPMR-standard buildout shall be funded by Reimbursable Work Authorization (RWA) from the PTO to GSA. Any such RWA's will be delivered to GSA before the Contracting Officer will issue a notice to proceed for design or construction of the applicable improvements. In no case shall the base rent, including amortized alterations costs, exceed the approved Prospectus limit.

6. The PTO shall have the right to vacate all or a portion of the consolidated premises prior to the expiration of the Term, provided that such space is assembled in a marketable block and that the requisite procedures have been followed, including the provision of 120 days advance notice to the GSA. At the time of such release, the PTO shall continue to be responsible for payment of any unpaid balance of the Fit-Out allowance, with the exception of that portion of the allowance which would be required to bring the premises from a "cold, dark shell" level of construction to a "warm, lit shell" level of construction. For the purposes of making such adjustments, the difference in cost per OSF between a "cold, dark shell" and a "warm, lit shell" will be estimated and recorded in the Occupancy Agreement, as will an estimate of the FPMR (FPMR D76, as was current at the time of the September 29, 1995 Heery International cost estimate) Fit-Out cost per OSF for typical office space and one blended estimate of Fit-Out cost per OSF for the "joint use" or special spaces.

PTO will be bound by this MOU in the event that it is reorganized into a Government corporation or other semi-autonomous operating unit.

The substance of this MOU will be memorialized in an Occupancy Agreement (OA) prior to Lease award which will include all the information herein plus: exact square footage; quantity of parking spaces; base rental and term; estimated lump sum payments; tax and operating expenses and escalations; estimated move costs; estimated cost and scope of additional or reduced GSA services, if applicable; initial space alterations amortization rate; amortization rate and amortization period for GSA fee, if applicable; exact cancellation/termination procedures; and any additional rights and liabilities of both parties.

This MOU constitutes the entire understanding between PTO and GSA and may be amended only by written agreement of both parties. The effective date of this MOU shall be the date of last signature of the executory parties below.

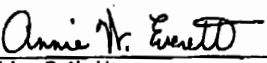
SIGNATURES

PATENT AND TRADEMARK OFFICE

BY 
 Bruce A. Lehman
 Assistant Secretary of Commerce
 Commissioner of Patents and Trademarks

DATE SEP 4 1998

GENERAL SERVICES ADMINISTRATION

BY 
 for Nelson B. Alcalde
 Regional Administrator
 National Capital Region

DATE AUG 11 1998

BY 
 Paul Chistolini
 Deputy Commissioner
 Public Buildings Service

DATE Aug 11, 1998

August 10, 1998

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August 10, 1998

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QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN NORTHUP

COURTHOUSE FUNDING

Question. I understand that for the last three years, the OMB has cut all funding in the GSA for courthouse funding. However, the GSA's final appeal to the OMB for courthouse construction funds totaled just over \$500 million. Does this appeal indicate that GSA supports the need for courthouse construction in FY 2000?

Answer. Yes, we agree the Five-Year Courthouse Plan, as approved by the Judicial Conference, indicates that the projects are needed.

Question. Why did the final budget submission for FY 2000 not contain the \$579.4 million that they requested for the construction of 17 courthouses?

Answer. Because the FY 2000 budget constraints are very tight, and saving Social Security is the President's topmost budget priority for the year ahead, the budget does not provide funding for new courthouse construction projects. Between 1991 and 1999, the Federal government will have spent more than \$3.7 billion on more than 40 courthouse construction projects. The Judiciary seeks approximately \$4.5 billion in additional budget authority over the next nine years for the design and construction of approximately 114 additional courthouse projects. The Administration is encouraged that the Judiciary has prepared, and the Congress has mostly followed, a set of project priority rankings. The General Services Administration has provided an important additional measure of budget discipline to the program by using a standardized system of project cost-estimating guidelines. However, the Administration believes that significant further economies could be realized, and aesthetically pleasing, dignified and secure courthouses still could be produced, if the Judiciary would provide the information needed to evaluate more fully various other cost saving options, such as having judges share courtrooms.

Question. Do you believe the space that the judiciary has requested in FY 2000 is needed by the courts to accommodate additional judges?

Answer. We agree with the Courts that the projects are needed. In some cases, they are expansions of existing courthouses.

Question. Are there other reasons why these facilities are needed, such as fixing security concerns or accommodating new technologies?

Answer. Yes, there are other reasons why new facilities are needed. In developing the Five-Year Courthouse Plan, the courts use four criteria to determine the priorities for new facilities:

Year Out of Space -- the year the facility reaches space capacity (i.e., all non-court agencies have been moved from the facility) as determined through the long-range facility plan.

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Security Concerns – security concerns ranked as: (1) minimally adequate; (2) inadequate; (3) major concern; and, (4) severe concern and/or U.S. Marshals Service has moved from building due to inadequate space.

Operational Concerns – ranked as: (1) minimal operational concern; (2) structural concerns; (3) major lease expiring and cannot be renewed; (4) split district court; and, (5) multiple concerns.

Number of Judicial Officers – the number of judicial officers who do not or will not have courtroom and chambers.

Question. Did the GSA perform an economic analysis of these courthouse construction projects and did you conclude that they are the most effective way to provide needed space to the courts?

Answer. Yes, GSA did conduct economic analyses and concluded that construction is the most cost-effective way to provide this space to the courts. However, in some ways, the economic analysis is not conducted the same way we do on general office space. Courthouses have unique security and design requirements that are not commercially comparable. It is in the best interest of the government to own special-purpose buildings, like our courthouses, because we expect to continue to use them for 50 years or more (many courthouses in our inventory are more than 100 years old). Leasing a building for this period of time is always more expensive than government ownership. Moreover, Public Law 100-678 amended section 7 of the Public Buildings Act of 1959 (40 U.S.C. 606) to prohibit GSA from leasing courthouse space if the annual leasing costs would exceed the prospectus limit (approximately \$1.8 million per year), except in cases where the space cannot be provided in a government-owned facility.

Recently, GSA instituted a new methodology to analyze proposed courthouse projects early in the planning process. This methodology, called the Multi-Asset Portfolio Planning (MAPP) model, analyzes all housing alternatives to identify the most cost-effective solution to meeting the courts' requirements. For example, a MAPP analysis for a city may investigate the costs of renovating an existing courthouse, constructing an annex to the courthouse, disposing of an existing courthouse and building a new courthouse, and the cost of the latter alternative using various available sites. The analyses evaluate new construction proposals to consider all the factors that bear on the individual project costs, as well as on the financial performance of GSA's portfolio of existing Federal facilities.

In addition, GSA uses a benchmarking process to help develop project budgets for the construction of new courthouses. The benchmark is a reference cost estimate that is used in judging the appropriateness of a proposed project's budget. Benchmarking yields a reference point, a standard, to which a project's actual costs can be compared. GSA adopted the cost benchmarking process to support the evaluation of proposed new construction projects and to help identify potential savings. Using private sector cost data for commercial buildings, we develop unit cost benchmarks for each of our

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proposed new construction projects. Benchmarks provide a method of comparing projects to one another and ensure fair and equal evaluation of all projects. Since 1995, benchmarking has resulted in approximately \$40 million in avoided courthouse construction costs.

A proposed project is also analyzed to ensure that it conforms to the courtroom-sharing model contained in the U.S. Courts Design Guide. Before the courtroom-sharing model was incorporated into the guide in 1997, we analyzed the judge-courtroom ratio proposed for the project. Our analyses resulted in scope reductions for projects in Cleveland, OH; Omaha, NB; St. Louis, MO; Erie, PA; and Kansas City, MO. In general, GSA estimates that the cost of a district courtroom and associated space (such as chambers, jury rooms, and holding cells) can exceed \$1.5 million. Since 1995, scope reductions have resulted in the elimination of 13 courtrooms and approximately \$20 million in avoided courthouse construction costs.

Since 1995, through benchmarking and scope reductions, GSA has achieved a total of approximately \$60 million in avoided courthouse construction costs.

Question. Will further delay on these judicial facilities result in additional cost to the taxpayer?

Answer. Delay will incur inflationary increases in the construction costs. These inflationary increases will vary significantly from location to location. However, cost savings, such as courtroom sharing, may offset some of the inflationary increases incurred by delays in construction.

Question. Why has the GSA delayed construction on facilities appropriated in FY 1997 whose money is about to expire? One of those courthouses is in London, KY, and is due \$14 million. Another is in Covington, KY, and is due \$17 million.

Answer. Immediately after the Senate authorized site and design prospectuses for these facilities in December 1995, GSA proceeded with Architect/Engineer selections.

The Covington, KY, courthouse is expected to be completed this summer.

The London, KY, courthouse was delayed to address potential cost overruns identified during the design process. Our construction manager alerted the project team to a potential \$4 million cost overrun. We worked with the Courts to modify the design to bring the project back within budget while addressing concerns over the effect on the project's architecture.

However, our FY 1999 appropriations legislation (P.L. 105-277) included a provision directing us to "reincorporate the elements of the original proposed design for the facade of the United States Courthouse, London, Kentucky, project into the revised design of the building in order to ensure compatibility of this new facility with the

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historic U.S. Courthouse in London, Kentucky, to maintain the stateliness of the building. Construction or design of the London, Kentucky, project should not be diminished in anyway [sic] to achieve this goal." Our design architect redesigned the affected features, further delaying the project and increasing its cost. We are working with the Courts to alter the design while minimizing the additional cost. We hope to award a construction contract this summer.

RECYCLABLE PAPER

Question. One of GSA's missions is to provide personal property and administrative services efficiently and at least cost to the taxpayer. I also understand that President Clinton's Executive Order #13101 on "Greening the Government" has mandated that 30% of the paper bought by the federal government must be recyclable paper by the year 2002. In fact, you were instructed to review the brightness specifications and standards and report back by Monday. Now, I can understand that paper needs to meet many uniform requirements like strength, size, weight, absorbance, etc., so that it can be used by all government agencies.

But, why do the GSA specifications for writing pads, add machine rolls, and copy paper require the paper to be made from "not less than 95% bleached chemical" and in many cases requires the paper to be "white"? Why does a ground pulping process that does not use chemicals – thus is environmentally friendly – prevent a type of paper from being used if it meets all of the other required specifications other than the process and whiteness?

Answer. GSA's Federal Supply Service, as a non-mandatory source, strives to provide quality supplies and services, at least cost to the taxpayer, that meet regulatory and directive requirements and are in concert with customer agency demands. Executive Order 13101 perpetuated the guidelines established in the preceding Order 12873 relative to '*recycled content*' requirements for printing and writing papers, i.e., 30% post consumer materials by December 31, 1998. The '*recycled content*' and the brightness standards requirement was met in both Executive Order 13101 and the preceding order.

The requirement for 95% bleached wood pulp in the specifications cited is to prevent the use of groundwood in amounts over 5%. Groundwood is used in the production of such products as newspapers. It has a negative effect on quality, longevity, color retention, and strength. In addition, groundwood diminishes the recyclability of paper by lowering its grade to 'newsprint' which makes it less desirable to recyclers and, therefore, less valuable.

As a non-mandatory source, we are providing paper products that meet the requirements of the order and, at the same time, reflect customer agency demands. One of the successes of the program is the ability to produce paper products with recycled content that both look and perform like standard non-recycled

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content paper products and, thus, promote customer acceptance. To satisfy agency requirements for other types of paper products, we have included such items as the following in our supply system: copier paper with high amounts of groundwood and post consumer content, papers that are chlorine free bleached, papers that have increased post consumer material content, and paper products that are totally unbleached. Negotiations are currently in progress to add kenaf (a renewable plant resource) type papers to our system.

Our multiple award schedules program provides opportunities for a wide range of environmentally oriented products and services to be introduced to our customers. These products and services can be accessed via our newly revised Environmental Home Page – <http://pub.fss.gsa.gov/environ>. The next edition of our Environmental Products and Services Guide is scheduled to be loaded on the home page by June 1999.

Question. If companies like the Postal Service want to sell off their bulk "junk" mail – which would normally be sent to a landfill – to be recycled into cheaper non-white paper, why should the GSA prevent them or other governmental agencies from buying this type of paper for their various stationary or copy needs?

Answer. GSA does not preclude any entity from recycling or buying any type of paper. GSA is open to providing a variety of paper products with alternative compositions through its supply system to accommodate agency requirements, and welcomes the opportunity to do so.

Question. As I stated earlier, you are instructed, by your own mission, to supply goods at the cheapest cost to the taxpayer, if recycled paper of a grinding pulp process is 30% cheaper, why shouldn't it be allowed for purchase?

Answer. It is allowed for purchase. In fulfilling its mission, GSA strives to provide quality products and services, at the least cost to the taxpayer, that meet regulatory and directive requirements and are in concert with customer agency demands. As evidenced above, our supply system includes paper products of various compositions to satisfy agency demands.

Question. What steps have you taken to address the mandate discussed in Executive Order 13101? If you haven't taken any steps to date, why not? When do you intend to review the Brightness Specifications and Standards issue?

Answer. GSA has complied with the requirements of Executive Order 13101, including the requirement to review the brightness standards and specifications. As a result of our review, we eliminated references to brightness in some instances because they were considered unnecessary, even though there were no objections reported by industry that these references presented any barriers to them. For some items,

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however, there are requirements to comply with Joint Committee on Printing (JCP - an agency of the Congress) specifications, which include certain brightness levels.

VACANT BUILDINGS

Question. I see that you have stated that your Public Buildings Service program includes reducing vacant available leased space by 700 thousand square feet or 20 percent of the current available space at a savings of \$11 million. Could you talk about the situation with the building at the Silver Spring Metro Center Number One? I understand that this eight-story building was bought twelve years ago for \$22 million and was called the ideal place for DC federal employees to work and ride the Metro. Now, twelve years later and after \$6 million in additional renovations the building is empty except for DOD tenants on the top floor. In fact, documents show it was vacant for more than half of the time GSA has owned it. What is being done to occupy buildings like this or sell them off before they cost the taxpayers more money? (Information source: GSA Reports and ABC News)

Answer. GSA is actively marketing the Silver Spring Metro Center Number One (SSMCI) to suitable Government tenants. Our list of expiring leases provides sources of relocations to Government-owned property. On March 26, 1999, the National Oceanographic and Atmospheric Administration signed an agreement to occupy two floors of SSCMI effective September 1999 and has expressed interest in one more floor. Other agencies have also shown interest in the space. We are continuing to explore all other options, including outleasing space or disposing of the property.

COOPERATIVE PURCHASING

Question. Isn't it true that the original authority, known as Section 1555, to engage in Federal centralized cooperative purchasing was never implemented due to moratoriums instituted by Congress?

Answer. Yes, it is true.

Question. Isn't it true that eventually Congress voted to repeal Section 1555 and the President signed this repeal?

Answer. Yes, it is true.

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Question. In establishing this repeal, wasn't it clear that the Congress did not want the GSA to engage in providing marketing services to state and local governments? Wasn't it clear from the Congressional history on that repeal that Congress disapproves of GSA competing with small businesses in the state and local government markets?

Answer. In reviewing the Congressional history of Section 1555, the legislation approved by Congress was engendered in part as a result of the National Performance Review, which concluded that consolidating government purchasing actions would benefit the taxpayers through greater volume discounts and simplified administration.

The concept of cooperative purchasing was borrowed from the states. Over 21 states and thousands of local jurisdictions are using the concept which originated in the 1930's. Cooperative purchasing is also found today in the private sector under a concept called consortium purchasing. The Congressional history shows that numerous state and local government associations were enthusiastically supportive of the legislation passed by the Congress as was the Office of Federal Procurement Policy (OFPP). Then OFPP Administrator, Steven Kelman, noted 1555 as "a pro-taxpayer idea." The National Association of Counties described 1555 as a means to reduce property taxes by the billions across the country. The National Institute of Governmental Purchasing (NIGP), which represents 15,000 local government buyers, argued that "local governmental agencies could potentially save state and local taxpayers hundreds of millions of dollars every year."

Since Section 1555 was repealed, we did not put the program in place. Many state and local buyers were anxious to place orders off of the GSA schedules, and we informed these buyers through conferences, association articles, and the like that the authority was repealed.

When 1555 failed to get off the ground, a number of states decided to establish their own GSA-style schedules. Eleven states began using schedules similar to the GSA Federal Supply Schedules, with their own unique terms and conditions, negotiated separately with the individual vendors. These states made the determination that the GSA prices were fair and reasonable, therefore, no further competition was needed at the state/local level.

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Question. Just as was proposed in Section 1555, which was repealed, GSA is earning income of 1% from manufacturers and 4-5% from state and local governments. This amounts to a considerable sum of unappropriated funds. These unappropriated funds are generating net excess or profit to GSA, at the expense of state and local governments and at the expense of small business. How do you justify making a profit off of state and local governments? Why aren't these net revenues turned over to the Treasury? What are you doing with this money? Will you provide to this Subcommittee a full accounting for all years under the 1122 program showing the source of income and the expenditures of these unappropriated funds and any audit reports, IG reports, or internal reviews on the management of this money?

Answer. FSS must recover its costs to fund its operations by providing value and customer service. Unlike a private sector business, there is no "profit" involved. Each year we forecast the amount needed to cover costs and provide as simple a mechanism as possible to do so. If, for any reason, our revenue exceeds forecasted costs, the excess income is returned to the U.S. Treasury. At the end of fiscal year 1998, \$4 million was returned. But the 1122 portion of this amount is negligible.

Further, the full cost recovery mode of funding Federal operations has been widely encouraged. As FSS implemented the change from appropriation to revenue based funding, it consulted the contractor community. The approach we have implemented was considered the best and simplest in addressing private sector and the government's concerns.

We project that at the current rate of business from 1122 accounts, that business sector will represent only 0.02% (approximately \$2 million) of our anticipated end-of-year (fiscal year 1999) business volume for our stock, special order and schedules programs. With so small a portion of the total business volume coming from the 1122 program, it does not make sound business sense to establish an elaborate forecasting or budgeting system to manage this sector of the business. To do so would only increase the cost of delivering services to all customers. This was and is seen as the beauty of the 1122 program, that there would be minimal redundancy in functions and "bureaucracy." States and local governments benefit from the same straightforward approaches that our Federal customers enjoy.

There have been no audit reports issued on this program. Although we believe that we are in compliance with the law and Congressional intent on this program, we will nonetheless undertake a thorough review of the 1122 program. We will work with the Committee to resolve any discrepancies between our actions and Congressional intent. If necessary, we will place limitations on the use of schedules in order to comply with Congressional intent.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN NORTHUP

Question. Would you provide for the subcommittee where in legislation creating the GSA, and in your mission statement, sales to states and local governments are the core business of the GSA?

Answer. The authorities for the Administrator of GSA to provide supplies or services for use by Federal agencies are primarily set forth in section 201 of the Federal Property and Administrative Services Act of 1949, as amended (Property Act) (63 Stat.377). Section 201 of the Property Act provides the Administrator with the authority to determine the policies and methods of procurement for providing, among other things, non-personal services for the use of executive agencies. Section 201 also authorizes the Administrator to make such services available to Federal agencies, mixed-ownership corporations and the District of Columbia, upon request. Thus, if GSA is going to be used to provide services to states or local governments, one must look for authority outside of the Property Act.

Unless specifically authorized in another appropriations or authorization enactment, the general authority for agencies to assist state and local governments is set forth in Chapter 65 of Title 31, United States Code, Intergovernmental Cooperation. The Intergovernmental Cooperation Act of 1968 was enacted for the purpose of improving and strengthening the relations between the Federal Government and state and local governments. Congress wanted to sanction the practice of some Federal departments or agencies that were assisting state or local governments and to extend such assistance on a Governmentwide basis. It was an attempt to make available, for a fee, techniques and expertise which reposed in the Federal Government but which would be of great benefit to the states and local communities.

The 1122 program is one such program which is authorized in another appropriation. "1122" refers to the section of the fiscal year 1994 National Defense Authorization Act which established the program. Thus, the authority for the State and Local Law Enforcement Equipment Procurement Program resides with the Department of Defense.

The State and Local Law Enforcement Equipment Procurement program allows State and local governments to purchase law enforcement equipment through Federal channels. The program affords state and local governments the opportunity to maximize their use of taxpayer dollars, by taking advantage of the purchasing power of the Federal Government to receive discounts commensurate with large volume purchases. There are several federal agencies involved with the 1122 program. The U.S. Army, the GSA, the Defense Logistics Agency and the Department of Justice are actively involved. As the Executive Agent of the program, the U.S. Army has formed a steering committee consisting of representatives from GSA, DLA, and DOJ to oversee the implementation of the program.

There are other examples where non-federal agencies have through the years been authorized by Congress to use GSA sources of supply, such as charitable institutions

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under Public Law 95-355; certain territories of the U.S. under Public Law 102-247; and certain countries and organizations authorized by the President under section 607, Foreign Assistance, as amended, 22 U.S.C.2357.

Question. A 1997 GAO report on this subject suggested that by extending Federal products, prices and terms to state and local governments, the prices paid by Federal agencies may rise. Would you provide the subcommittee with a report on the impact of section 1122 on prices Federal agencies can expect to pay this year and in the future?

Answer. The 1122 program is not the same as the repealed 1555 Cooperative Purchase program reported on by the GAO. The 1122 program has a much more limited scope. The 1997 GAO report did not suggest that prices paid by Federal agencies may rise, but concluded, "...it is not clear whether this expanded use of the schedules would lead to **lower** schedule prices or lower administrative fees."

The GAO report noted the statements and studies by the medical equipment and supplies industry and comments of the heavy vehicle and fire truck industries that cooperative purchasing could lead to lower contractor schedule participation and increased prices to federal agencies. GAO comments to these limited commodities were, "The conclusions in these studies are based on the assumption that the medical equipment and medical supply industry would react to the cooperative purchasing program in the same manner as the pharmaceutical industry." We did not verify the data nor the analyses contained in these studies since they were limited to an industry whose schedules GSA was not going to open up to the states/local governments.

GSA has not received any evidence that participation in the 1122 program has had an adverse affect on pricing. Purchases by states under the 1122 program have not been from those industries that were perceived as sensitive in the GAO report. Additionally, the 1122 program sales are very small relative to the schedules program as a whole (0.02%) and, therefore, would not have a significant impact on the industries involved.

Question. Congress has insisted on agencies measuring the impact on small business before initiating programs. What assessment did you make of how section 1122 will impact small business? In that you concluded that section 1555 might affect certain small businesses, such as those in emergency services, why are you now proceeding with a program that will affect the very same small firms which would have been adversely affected by section 1555?

Answer. In consultation with and the approval of the Department of Defense, the Executive Agent of the 1122 Program, GSA is using the Federal Supply Schedules program as the primary procurement program to support those law enforcement officials engaged in the war against drugs. Under this GSA procurement program, approximately 70% of the contractors who hold these schedule contracts are small business concerns. Thus, while Congress provided no preferences, GSA is

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participating under the 1122 program with a supply strategy that provides these state and local entities with a choice of a substantial number of small business concerns.

The GAO study on the Section 1555 authority, which would have permitted all state and municipal government entities to use the GSA schedules program without restriction, was unable to determine the impact of such authority on small business concerns. GAO contacted 59 state and local government contractors to help gauge an impact statement. Of these 59 contractors, 22 predicted a positive effect, 13 predicted no effect, 14 had no idea on how they would be impacted and 10 (or 16%) predicted a negative effect.

Question. Congress has also sought to ensure that women-owned and minority-owned companies might participate in procurement. In that GSA contracts are with firms which promise nationwide service, doesn't section 1122 eliminate the opportunity to serve state and local governments those women-owned and minority-owned small firms which do not promise nationwide service?

Answer. As indicated earlier, 70% of GSA schedule contractors are small business concerns. Further, the large business contractors under the GSA schedules program have participating small business dealers throughout the country serving specific geographic areas. For example, 3M Corporation is a large business schedule contractor that has over 2,000 small business dealers participating under the GSA program. Further, under the GSA schedules program, there are also many small disadvantaged firms serving as prime contractors. Enterprising small, small disadvantaged and women owned firms can participate successfully under the schedules program either as prime contractors or as dealers or distributors in select geographic areas.

Question. Can you please let me know why some of these items are on the list to be used for legitimate drug interdiction work? And, if they are not justifiable, what are your plans to remove these items from purchase under this section? Items: cattle guards, lawnmowers, water filtration systems, solar light panels, deodorants, kitchen cabinets, artificial plants, musical instruments.

Answer The law enacting the 1122 program gave a very broad definition of what was eligible under the program. To quote from the section, "The term 'law enforcement equipment suitable for counter-drug activities' has the meaning given such term in regulations prescribed by the Secretary of Defense. In prescribing the meaning of the term, the Secretary may not include any equipment that the Defense Department does not procure for its own purposes."

In order to avoid any potential misuse of the Schedules, all orders under the 1122 program must be forwarded by the law enforcement entity to a State Point of Contact (SPOC). The SPOC, who is appointed by the governor of each state, is responsible for verifying that the product to be acquired will, in fact, be used in the performance of a

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counter-drug mission. By having the SPOCs scrutinize every order, we have a "control" in place to ensure that the products acquired under the 1122 program are used solely as authorized by the statute.

Although we believe that we are in compliance with the law and Congressional intent on this program, we will nonetheless undertake a thorough review of the 1122 program. We will work with the Committee to resolve any discrepancies between our actions and Congressional intent. If necessary, we will place limitations on the use of schedules in order to comply with Congressional intent.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN EMERSON

COOPERATIVE PURCHASING

Question. Cooperative Purchasing was repealed in 1997's Treasury, Postal Appropriations bill. It is my understanding that GSA, against the will of Congress, has found a way of bypassing current law and is implementing cooperative purchasing through other means. My concern is that GSA is continuing to open more schedules to state and local law enforcement agencies. While I support wholeheartedly the efforts of these law enforcement agencies, I do have great concerns of the businesses in my district that may be adversely affected by this decision. The opening of more schedules decreases the amount these agencies will purchase from the businesses throughout the country.

Answer. In consultation with and the approval of the Department of Defense, the Executive Agent of the 1122 Program, GSA is using the Federal Supply Schedules program as the primary procurement program to support those law enforcement officials engaged in the war against drugs. Under this GSA procurement program, approximately 70% of the contractors who hold these schedule contracts are small business concerns. Thus, while Congress provided no preferences, GSA is participating under the 1122 program with a supply strategy that provides these state and local entities with a choice of a substantial number of small business concerns.

The 1122 program is a voluntary program for contractors and for state and local governments. The program does not obviate any small business preference programs. Many cooperative programs are structured so that a locality can satisfy its set-asides and local preference laws by providing a portion of its supplies locally and the rest off a cooperative contract. Cooperative purchasing programs are flourishing at the state, regional and municipal government levels today. Twenty-one states and thousands of local jurisdictions throughout the country are involved with such cooperative arrangements. The National Association of Counties, the National League of Cities, the National Governors Association and the National Association of Governmental Purchasing, which represents over 15,000 municipal government buyers, are a few of the organizations which support cooperative purchasing programs.

Question. As of February 17 of this year, 91 of GSA's 146 Federal Supply Schedules can be used for the 1122 program. This is a dramatic increase from the 10 or so schedules that were initially available when the program began last year. How do crafts, hobbies, office furniture, etc., directly further the counter-drug activities of local law enforcement agencies? How is GSA determining which schedules to make available for the 1122 program? Is GSA doing any analysis of the impact that opening certain schedules might have on the affected industries and of the potential for schedule prices to rise as a result of the program?

Answer. GSA cannot presuppose which of our schedule items may be appropriate for the purposes of the 1122 program. The decision as to which schedule items are appropriate for drug interdiction is left to the organizations and the law enforcement

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professionals in the field. It is for this reason, we believe, that the Congress defined the term so broadly. Administration of the program rests with the Department of Defense and the Department of Justice.

As a result of customer focus group meetings with law enforcement personnel, GSA was requested to expand the 1122 program to offer additional products to assist the states and local law enforcement activities in their counter-drug missions. After a formal request from GSA, the U.S. Army, as the Executive Agent of the program, granted GSA the authority to expand the list of products available under the program.

Since the 1122 program was initially expanded on a schedule basis, and each Federal Supply Schedule contains a multitude of products, there will, invariably, be some products which may not appear to have a direct relationship to drug interdiction. In order to avoid any potential misuse of the schedules, however, all orders under the 1122 program must be forwarded by the law enforcement entity to a State Point of Contact (SPOC). The SPOC, who is appointed by the governor of each state, is responsible for verifying that the product to be acquired will, in fact, be used in the performance of a counter-drug mission. By having the SPOCs scrutinize every order, we have a "control" in place to ensure that the products acquired under the 1122 program are used solely as authorized by the statute.

Although we believe that we are in compliance with the law and Congressional intent on this program, we will nonetheless undertake a thorough review of the 1122 program. We will work with the Committee to resolve any discrepancies between our actions and Congressional intent. If necessary, we will place limitations on the use of schedules in order to comply with Congressional intent.

The 1122 program is not the same as the repealed 1555 Cooperative Purchase program reported on by the GAO. The 1122 program has a much more limited scope. The 1997 GAO report did not suggest that prices paid by Federal agencies may rise, but concluded, "...it is not clear whether this expanded use of the schedules would lead to lower schedule prices or lower administrative fees."

The GAO report noted the statements and studies by the medical equipment and supplies industry and comments of the heavy vehicle and fire truck industries that cooperative purchasing could lead to lower contractor schedule participation and increased prices to federal agencies. GAO comments to these limited commodities were, "The conclusions in these studies are based on the assumption that the medical equipment and medical supply industry would react to the cooperative purchasing program in the same manner as the pharmaceutical industry." We did not verify the data nor the analyses contained in these studies since they were limited to an industry whose schedules GSA was not going to open up to the states/local governments.

GSA has not received any evidence that participation in the 1122 program has had an adverse effect on pricing. Purchases by states under the 1122 program have not been

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from those industries that were perceived as sensitive in the GAO report. Additionally, the 1122 program sales are very small relative to the schedules program as a whole (0.02%) and, therefore, would not have a significant impact on the industries involved.

NATIONAL PARK SERVICE BUILDING IN VAN BUREN, MISSOURI

Question. What was the proposed contract cost of this facility?

Answer. We solicited offers for a build-to-suit lease to provide 16,000 rentable square feet of standard office space. We received twelve competitive offers and awarded a twenty-year contract for \$17.50 per square foot, which calculates to a Net Present Value of \$9.95 per square foot.

Question. How does that compare to the original proposed cost? If this is higher, why?

Answer. This facility is larger than the current facility based on customer agency requirements. Our assessment of the market and responses to competitive bidding for this lease indicates the award price to be reasonable and within expectations when solicitations were requested.

Question. What is the current status of this facility?

Answer. The lessor is responsible for extensive archaeological mitigation required by the State Historic Preservation Office and the National Park Service. The mitigation has been underway for approximately three months. Construction will begin in April 1999. The project is scheduled for completion and occupancy in October 1999.

PER DIEM RATES

Question. Cape Girardeau saw a per diem drop of 6%. Can you explain this drop?

Answer. The change in the per diem rate is a result of an annual survey conducted by an independent contractor on behalf of the General Services Administration (GSA). Each year, GSA has a contractor survey approximately 600 locations throughout the country. This survey entails contacting lodging properties in each area and asking them a series of questions about their room rates, room availability, tax impacts, etc. The properties selected to be surveyed are based upon a set of criteria applied nationwide. The properties have to be either two or three star or diamond rated (as done by AAA and Mobil) and they have to be on the fire safe list of properties maintained by the Federal Emergency Management Administration (FEMA). FEMA maintains this list as a result of the Fire Safety Act of 1990 and GSA is required to use it as the basis for the per diem rate survey. Once the contractor receives the information from the local lodging industry, an analysis is performed to establish the rate. This analysis entails averaging all of the reported Government room rates for that

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area. The average of the reported Government room rate from the properties is then used as the per diem rate. One further step is also taken. That average rate is reviewed to see what properties would be covered by the rate. GSA then takes the reported rooms available to the Government from those properties and compares it to the estimated Government room night need. If the properties do not report enough rooms available, then the rate is raised until sufficient properties become available to meet the need.

In regard to Cape Girardeau specifically, it had a lodging rate of \$54 in 1998, which covered both a room and state/local taxes. In 1999, the lodging rate is \$51, which applies to the room only. Any state/local taxes charged to the Federal traveler are now reimbursed as a separate item at actual cost. With a reported tax rate of ten percent, this means that the Federal traveler can be reimbursed up to \$56 for a room in Cape Girardeau (\$51 for the room and \$5 for the taxes). From the per diem rate perspective, travelers to Cape Girardeau actually have the ability to be reimbursed at a higher level in 1999 than in 1998.

In establishing the 1999 rate, five properties were surveyed. These are ones that met the criteria stated above of being two or three star/diamond rated and on the FEMA fire safe list. Government rates offered by these properties ranged from \$43.95 to \$67.00 for a room each night. Two properties are covered by the \$51 rate and those properties report sufficient rooms to meet the Government's estimated need of 24 rooms a night.

The Government has an appeal process available to review the rates. Any Federal agency can request a review of the rates if it feels that it cannot obtain rooms at appropriate facilities under the existing per diem rates. To date, no requests have been received from an agency regarding Cape Girardeau, MO.

Question. If a handful of new properties can influence a small or medium size market, such as Cape Girardeau, what can account for a 12% drop in a large city like St. Louis?

Answer. The per diem rate for St. Louis was developed through the same process described above. An annual survey is conducted of two and three star/diamond rated properties from the area that are on the FEMA list. The survey gathers information from the local lodging industry and uses that to establish the Government rate. The lodging rate for St. Louis was \$75 in 1998, covering both the room and state/local taxes. In 1999, the lodging rate is \$66 for a room only. As indicated above, the state/local taxes can now be separately reimbursed to the Federal traveler. With a reported tax rate of 14.1 percent for St. Louis, this means that the Federal traveler can be reimbursed a total of \$75, just as in 1998. This would cover \$66 for the room and \$11 for the taxes.

There were 22 properties surveyed that met the two/three star/diamond and FEMA criteria mentioned previously. Of those, 14 report being covered by the

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\$66 rate. To date, no requests for a review of the St. Louis rates have been received from a Federal agency.

Question. Are industry groups allowed any public comment or appeal of a per diem at any time during the process?

Answer. GSA is very concerned about input from the lodging industry. The entire rate establishment system is designed to elicit response from that industry. The rates established are the direct result of data and information provided by the local lodging industry in approximately 600 locations nationwide. The process is structured to ensure that it is the lodging industry that provides the framework for the rates, based on data from actual properties in an affected locale. Consequently, it is appropriate to say that the lodging industry is very much a partner in establishing the rates.

In addition to the effort at the local level, we have also sought to establish a relationship with industry associations in order to provide an exchange of information. We had disappointing results with the American Hotel and Motel Association (AHMA) over the past few years, but are optimistic that new leadership at AHMA is now showing an interest in the per diem rate setting process. Other associations that we have worked with are the National Business Travelers Association and the Association of Corporate Travel Executives.

There have also been numerous meetings with parties such as Conventions and Visitors Bureaus, chambers of commerce, state travel councils, individual properties and any other interested party. Our philosophy over the past three years has been to travel to any sensitive area and meet with the local industry and Federal agencies.

The appeal process is geared to the Federal travel community since it is the one that must find rooms at the per diem rate. If there is a problem in an area, then the Federal agencies have the right to request an appeal.

Question. Did GSA require the incumbent surveying contractor to request public comments or the submission of relevant data from the lodging industry prior to the issuance of the new per diem rates?

Answer. No.

Question. If yes, please produce such comments or data, if not, why not?

Answer. GSA does not require any requests to be made for public comment on data separate from the actual lodging industry survey. GSA takes into account what it has heard from the industry, as well as other parties, in meetings mentioned above and develops a task order for the contractor to follow. That task order addresses the survey only. There is no requirement for a separate action by the contractor since GSA has already taken industry input into consideration before developing the task order.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN EMERSON

Question. Previously appeals of per diem rates from federal agencies are accepted until May 1st. This year, however, GSA has moved the appeals up to March 15th. Why? Does this mean GSA is not receiving any feedback on per diem rates?

Answer. The March 15th date has been removed from our website due to the confusion with the May 1st date. GSA was trying to expedite the rate appeal process and we ended up creating a confused situation. May 1st has historically been shown as the date that an agency can submit a location for inclusion in the survey for the next year. The Federal Government travels to approximately 8,000 locations in the continental United States. We establish a standard rate for the entire country - \$50 for lodging and \$30 for meals/incidental expenses in 1999. This applies everywhere in the continental United States. Recognizing that there are locations that such a rate is not adequate, we also conduct a survey of designated locations to determine if the rate for that area needs to be above the standard rate. This covers approximately 600 out of the 8,000 locations each year. Even just surveying the 600 locations requires our contractor to contact almost 6,000 lodging properties and another 6,000 restaurants. With the complexity of gathering data from that many sources, we provide the contractor with a list of the designated locations by May 1st so that it can organize, conduct, and summarize the survey in time for rates to be set for the next year. For simplicity sake, we survey all locations listed with designated rates from the previous per diem effort and add any new ones that agencies report to us. It is these new ones that have to be to us by May 1st so we can provide them to the contractor.

We have not had a cut-off date for requests to re-survey existing rates in the past. The confusion that we created this year was to try to make it an easier process by asking for re-survey requests by March 15th. We selected March 15th because we had the contractor responsible for the 1999 rates under contract until March 31st. Consequently, it would have been easy to ask them to conduct a re-survey since they did the original one. After March 31st, we do not have a contractor until the contract is let for the year 2000 survey (probably in late April), but even then they will be focused on the upcoming survey. We will certainly entertain requests for re-surveys throughout the year. It will likely just be a little more time consuming to conduct them after March 31st.

Question. While subdividing metropolitan areas into smaller areas may explain the drop in some areas, and the addition of a few new properties in a small or medium sized city may account for additional drops, what explains the drop in larger cities?

Answer. Not all large cities dropped. Some increased and some decreased. The rate changes were based upon the results of the annual survey conducted of each marketplace. That survey focuses on two and three star/diamond rated properties that are on the FEMA fire safe list. Based upon the information received from that survey, we develop the per diem rate. For example, for San Francisco, California, the 1998 rate was \$120 (room and taxes); for 1999, it is \$129 (room only). For New York City

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(Manhattan), the 1998 rate was \$198 (room and taxes); for 1999, it is \$195 for the room (with taxes estimated to be another \$28 - total reimbursement of \$223). Some did drop as indicated, but the change that took place in each location is reflective of the dynamics of that local marketplace. The information used for the rates is gathered directly from the lodging industry in each location. The change up or down is based upon what the industry provides in that location.

Question. Does GSA keep records of employees paying over per diem, even if appeals are not submitted by an agency? For example, would GSA track record of federal travelers visiting Cape Girardeau, MO, to see if the \$50 per diem rate is warranted? If GSA found that federal travelers were typically paying \$5 to \$10 out of pocket on trips to Cape Girardeau, but not filing appeals with GSA, would your agency see to rectify this disparity?

Answer. We are very concerned about the Federal traveler having to pay an appropriate expense out of his/her own pocket. The per diem rate structure is designed to adequately reimburse travelers for safe and comfortable accommodations that support the business environment. Recognizing that the rates will not cover all possibilities every day of the year, we have delegated to agencies the authority to authorize actual expenses up to 300 percent of the per diem rate so travelers do not have to pay for appropriate expense themselves. We are very interested in making sure that the rates are accurate and appropriate for each location. If a rate is inappropriate, then we would be glad to re-survey the area.

In regard to the data collection, agencies do not formally submit data about where they have to authorize use of actual expenses. There is an established process for an agency to follow set out in the Federal Travel Regulation (FTR) if it has a concern about the frequent use of actual expenses. To supplement this, GSA has established a complaint area on our website for Federal travelers themselves to register problems with any specific area. To date, we have not heard from Federal travelers about problems in Cape Girardeau.

For clarification purposes, the lodging rate for Cape Girardeau is \$51 in 1999.

Question. Does GSA in a way keep track of requests by federal employees for prior approval of expenses over a specified per diem? If not, would GSA find this information helpful?

Answer. While GSA does not receive information from agencies on all instances when actual expenses are authorized, we do receive requests from agencies to re-survey an area where there is a concern about the per diem rate through the process set up in the Federal Travel Regulation. Usually, an agency requests a re-survey when they determine that their travelers have to get actual expenses authorized too frequently for a specific location.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN EMERSON

We have also established a complaint area on our website for individual travelers to notify us of difficulties with per diem rates. We believe that the existing process allows for appropriate appeals of the rates. While it would be interesting to see the extent of actual expense usage, we believe that it would require a significant administrative effort to set up a reporting system Governmentwide when an appropriate appeal process already exists.

Question. Did GSA attempt to reduce per diem rates across the nation in direct proportion to local tax rates?

Answer. There was no deliberate attempt to reduce rates, or raise rates, anywhere in the country. A goal of the per diem rate setting process is to reflect the local marketplace. The effect of treating taxes differently in 1999 did result in many locations having a published per diem lodging rate lower than last year, but that did not occur in all locations. Nor was there an effort to determine the tax rates ahead of time and then reduce the per diem rates accordingly. The per diem rates established are based upon what the local lodging industry provides to our contractor. In many areas, the 1999 lodging rate is actually higher than the 1998 rate even though taxes have been treated separately. For Osage Beach, MO, the rate in 1998 was \$55. Based upon industry input, the rate for 1999 is now a seasonal rate with the in-season being at \$64 and the off-season at \$50. This again is based upon what the local industry tells us is the appropriate rate for a room in 1999.

GSA REGULATIONS

Question. For what reason were the regulations written requiring that legal writing pads be made from not less than 95% bleached chemical pulp?

Answer. The requirement for 95% bleached chemical pulp is to prevent the use of groundwood in amounts over 5%. Groundwood is used in the production of such products as newspapers. It has a negative effect on quality, longevity, color retention, and strength. In addition, groundwood diminishes the recyclability of paper by lowering its grade to 'newsprint' which makes it less desirable to recyclers and, therefore, less valuable.

Question. Are there other ways of obtaining this objective without this requirement?

Answer. There are none to our knowledge at this time; however, should alternative methodologies be developed that would not, in and of themselves, present other impediments in their use, we would change our requirements to accommodate them.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN EMERSON

Question. Executive Order 13101, section 506 revises the brightness specifications and standards. Has GSA identified or eliminated any standards or specifications unrelated to performance that present barriers to the purchase of paper made by production processes that minimize emissions of harmful byproducts?

Answer. Section 506 requires brightness specifications and standards be reviewed for possible necessary revision. The requirement was originally contained in the preceding Order 12873 (Section 505) and the review was completed under that order. In some instances, we eliminated references to brightness because they were considered unnecessary, even though there were no objections reported by industry that these references presented any barriers to them. For some items, however, there are requirements to comply with Joint Committee on Printing (JCP – an agency of the Congress) specifications, which include certain brightness levels.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN SUNUNU

1122 PROGRAM

Question. How many sales have there been in New Hampshire under the 1122 program?

Answer. None.

Question. Congress has insisted on agencies measuring the impact on small business before initiating programs and regulations. What assessment did you make of how Section 1122 will impact small firms in New Hampshire? In that you concluded that Section 1555 might affect certain small businesses, such as those in emergency services, why are you now proceeding with Section 1122 to adversely affect the same small firms which would have been hurt by Section 1555?

Answer. In consultation with and the approval of the Department of Defense, the Executive Agent of the 1122 Program, GSA is using the Federal Supply Schedules program as the primary procurement program to support those law enforcement officials engaged in the war against drugs. Under this GSA procurement program, approximately 70% of the contractors who hold these schedule contracts are small business concerns. Thus, while Congress provided no preferences, GSA is participating under the 1122 program with a supply strategy that provides these state and local entities with a choice of a substantial number of small business concerns.

The GAO study on the Section 1555 authority which would have permitted all state and municipal government entities to use the GSA schedules program without restriction was unable to determine the impact of such authority on small business concerns. GAO contacted 59 state and local government contractors to help gauge an impact statement. Of these 59 contractors, 22 predicted a positive effect, 13 predicted no effect, 14 had no idea on how they would be impacted and 10 (or 16%) predicted a negative effect. GSA decided to exclude emergency vehicles from the 1555 program (fire and hazmat trucks). In regards to the 1122 program, GSA made a similar determination to exclude such emergency vehicles. Except for command center vehicles, Federal Supply Schedule 42, Part IV – Fire Fighting Vehicles and Waste Disposal Vehicles, is not available to the states and local governments under the 1122 program nor is there any intent to open this schedule to these entities in the future. The command center vehicles are those that can be adopted to provide clandestine law enforcement surveillance operations. All schedule contractors for these specific vehicles are small business concerns.

Question. Toiletries, musical instruments and trophies are listed on the 1122 program schedule and I would like to know how they are used in drug interdiction?

Answer. GSA cannot presuppose which of our schedule items may be appropriate for the purposes of the 1122 program. The decision as to which schedule items are appropriate for drug interdiction is left to the organizations and the law enforcement

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professionals in the field. It is for this reason, we believe, that the Congress defined the term so broadly. Administration of the program rests with the Department of Defense and the Department of Justice.

As a result of customer focus group meetings with law enforcement personnel, GSA was requested to expand the 1122 program to offer additional products to assist the states and local law enforcement activities in their counter-drug missions. After a formal request from GSA, the U.S. Army, as the Executive Agent of the program, granted GSA the authority to expand the list of products available under the program.

Since the program was initially expanded on a schedule basis, and each Federal Supply Schedule contains a multitude of products, there will, invariably, be some products which may not appear to have a direct relationship to drug interdiction. In order to avoid any potential misuse of the schedules, however, all orders under the 1122 program must be forwarded by the law enforcement entity to a State Point of Contact (SPOC). The SPOC, who is appointed by the governor of each state, is responsible for verifying that the product to be acquired will, in fact, be used in the performance of a counter-drug mission. By having the SPOCs scrutinize every order, we have a "control" in place to ensure that the products acquired under the 1122 program are used solely as authorized by the statute.

Although we believe that we are in compliance with the law and Congressional intent on this program, we will nonetheless undertake a thorough review of the 1122 program. We will work with the Committee to resolve any discrepancies between our actions and Congressional intent. If necessary, we will place limitations on the use of schedules in order to comply with Congressional intent.

COURTHOUSE CONSTRUCTION

Question. Did GSA perform an economic analysis of the courthouse construction projects and did you conclude that they are the most cost-effective way to provide needed space to the courts?

Answer. Yes, GSA did conduct economic analyses and concluded that construction is the most cost-effective way to provide this space to the courts. However, in some ways, the economic analysis is not conducted the same way we do on general office space. Courthouses have unique security and design requirements that are not commercially comparable. It is in the best interest of the government to own special-purpose buildings, like our courthouses, because we expect to continue to use them for 50 years or more (many courthouses in our inventory are more than 100 years old). Leasing a building for this period of time is always more expensive than government ownership. Moreover, Public Law 100-678 amended section 7 of the Public Buildings Act of 1959 (40 U.S.C. 606) to prohibit GSA from leasing courthouse space if the annual leasing costs would exceed the prospectus limit (approximately \$1.8 million per

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN SUNUNU

year), except in cases where the space cannot be provided in a government-owned facility.

Recently, GSA instituted a new methodology to analyze proposed courthouse projects early in the planning process. This methodology, called the Multi-Asset Portfolio Planning (MAPP) model, analyzes all housing alternatives to identify the most cost-effective solution to meeting the courts' requirements. For example, a MAPP analysis for a city may investigate the costs of renovating an existing courthouse, constructing an annex to the courthouse, disposing of an existing courthouse and building a new courthouse, and the cost of the latter alternative using various available sites. The analyses evaluate new construction proposals to consider all the factors that bear on the individual project costs, as well as on the financial performance of GSA's portfolio of existing Federal facilities.

In addition, GSA uses a benchmarking process to help develop project budgets for the construction of new courthouses. The benchmark is a reference cost estimate that is used in judging the appropriateness of a proposed project's budget. Benchmarking yields a reference point, a standard, to which a project's actual costs can be compared. GSA adopted the cost benchmarking process to support the evaluation of proposed new construction projects and to help identify potential savings. Using private sector cost data for commercial buildings, we develop unit cost benchmarks for each of our proposed new construction projects. Benchmarks provide a method of comparing projects to one another and ensure fair and equal evaluation of all projects. Since 1995, benchmarking has resulted in approximately \$40 million in avoided courthouse construction costs.

A proposed project is also analyzed to ensure that it conforms to the courtroom-sharing model contained in the U.S. Courts Design Guide. Before the courtroom-sharing model was incorporated into the guide in 1997, we analyzed the judge-courtroom ratio proposed for the project. Our analyses resulted in scope reductions for projects in Cleveland, OH; Omaha, NB; St. Louis, MO; Erie, PA; and Kansas City, MO. In general, GSA estimates that the cost of a district courtroom and associated space (such as chambers, jury rooms, and holding cells) can exceed \$1.5 million. Since 1995, scope reductions have resulted in the elimination of 13 courtrooms and approximately \$20 million in avoided courthouse construction costs.

Since 1995, through benchmarking and scope reductions, GSA has achieved a total of approximately \$60 million in avoided courthouse construction costs.

Question. Will further delay on these facilities result in additional cost to the taxpayer?

Answer. Delay will incur inflationary increases in the construction costs. These inflationary increases will vary significantly from location to location. However, cost savings, such as courtroom sharing, may offset some of the inflationary increases incurred by delays in construction.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

COURTHOUSE CONSTRUCTION

Question. Your FY 2000 budget submission does not contain any funds for courthouse construction, but I understand that the new construction program that you submitted to OMB included funds for courthouse construction. How much did GSA request for new courthouse construction? What projects were requested? Were the projects for which funds were requested those that the Judicial Conference of the United States included in its most recent 5-year plan? Do you know why OMB did not include these projects in GSA's budget submission? Do you believe that the process used by the Judicial Conference to prioritize its new construction needs is a fair and appropriate process?

Answer. GSA requested \$712,713,000 for the courthouse construction projects listed below. These are the projects included in the Five-Year Courthouse Plan 1999-2003, which was approved by the Judicial Conference of the United States.

<u>State, City, Project</u>	<u>GSA Request October 9, 1998</u>	<u>GSA Appeal December 3, 1998</u>
AL, Mobile, Courthouse	\$ 7,285,000	\$ 7,285,000
CA, Los Angeles, Courthouse	18,032,000	34,649,000
DC, Washington, Courthouse Annex	99,004,000	99,004,000
FL, Miami, Courthouse	117,054,000	102,637,000
IA, Cedar Rapids, Courthouse	13,132,000	13,132,000
IL, Rockford, Courthouse	2,702,000	2,702,000
MA, Springfield, Courthouse	39,886,000	0
MS, Gulfport, Courthouse	37,001,000	3,572,000
NM, Las Cruces, Courthouse	1,847,000	1,847,000
NY, Buffalo, Courthouse	3,430,000	3,238,000
OR, Eugene, Courthouse	64,520,000	0
PA, Erie, Federal Complex	25,722,000	25,722,000
TN, Nashville, Courthouse	13,105,000	13,105,000
TX, El Paso, Courthouse	6,972,000	6,972,000
UT, Salt Lake, Courthouse	65,710,000	9,107,000
VA, Norfolk, Courthouse	9,285,000	9,285,000
VA, Richmond, Courthouse	18,706,000	18,706,000
WA, Seattle, Courthouse	169,320,000	153,387,000
Total	\$ 712,713,000	\$ 504,350,000

Because the FY 2000 budget constraints are very tight, and saving Social Security is the President's topmost budget priority for the year ahead, the budget does not provide funding for new courthouse construction projects. Between 1991 and 1999, the Federal government will have spent more than \$3.7 billion on more than 40 courthouse construction projects. The Judiciary seeks approximately \$4.5 billion in additional

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

budget authority over the next nine years for the design and construction of approximately 114 additional courthouse projects. The Administration is encouraged that the Judiciary has prepared, and the Congress has mostly followed, a set of project priority rankings. The General Services Administration has provided an important additional measure of budget discipline to the program by using a standardized system of project cost-estimating guidelines. However, the Administration believes that significant further economies could be realized, and aesthetically pleasing, dignified and secure courthouses still could be produced, if the Judiciary would provide the information needed to evaluate more fully various other cost saving options, such as having judges share courtrooms.

We believe that the process used by the Judicial Conference to prioritize construction needs is fair and appropriate and agree that the projects are needed. In developing the Five-Year Courthouse Plan, the courts use four criteria to determine the priorities for new facilities:

Year Out of Space -- the year the facility reaches space capacity (i.e., all non-court agencies have been moved from the facility) as determined through the long-range facility plan.

Security Concerns -- security concerns ranked as: (1) minimally adequate; (2) inadequate; (3) major concern; and, (4) severe concern and/or U.S. Marshals Service has moved from building due to inadequate space.

Operational Concerns -- ranked as: (1) minimal operational concern; (2) structural concerns; (3) major lease expiring and cannot be renewed; (4) split district court; and, (5) multiple concerns.

Number of Judicial Officers -- the number of judicial officers who do not or will not have courtroom and chambers.

Question. Do you question the need for any of the courthouses identified in the Judicial Conference's plan for new construction in FY 2000? Is it fair to say that from GSA's perspective, the issue is one of budget priorities, not whether the need exists for new courthouses? Do you agree that delay in constructing these courthouses will result in additional costs to the Federal government? What is GSA's current estimate of how much costs will increase for each year of additional delay in building these courthouse projects?

Answer. GSA agrees with the Courts that the projects are needed. In some cases, they are expansions of existing courthouses. The issue is one of budget constraints, not whether the need exists for new courthouses. Delay will incur inflationary increases in the construction costs. These inflationary increases will vary significantly from location to location. However, cost savings, such as courtroom sharing, may offset some of the inflationary increases incurred by delays in construction.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

Question. The Judicial Conference of the United States has sent a legislative proposal for our consideration that would have the effect of preventing the OMB from modifying the Judicial Conference's budgetary requests. What is the GSA's position on this legislative proposal?

Answer. Although GSA has a very good partnership with the courts, we cannot support the proposed legislation. GSA achieves significant economies for the taxpayer by being the government's central real estate agent. The courts would just plan a building for the courts. We plan buildings and space assignments that consider the needs of the total federal government presence in an area. We maximize space utilization and achieve economies not just for our judicial branch tenants, but also for the non-judicial branch agencies that are housed in our buildings.

GSA has provided an important measure of budget discipline to the courthouse construction program by using a standardized system of project cost-estimating guidelines that is recognized and accepted by the Congress. Since 1995, our cost benchmarking process for determining project budgets has resulted in approximately \$40 million in avoided expenditures in the courthouse program. The draft legislation would allow the judiciary branch to independently determine a project's scope. Under such a system, there would be no neutral check or verification of the project's timing, scope, and budget.

GSA would have no control over the effect of new and modernized courthouses on its portfolio. GSA would lose control over its long-range planning process and would essentially become an agent of the judiciary branch. Responsibility for ensuring that government-owned real property is fully utilized would be fragmented.

The proposed legislation would appropriate funds to the judicial branch to be deposited to the Federal Buildings Fund. GSA would lose control over project budgets including the flexibility to reprogram; i.e., transfer funds, between projects. Reprogrammings involve using savings on some projects to balance needs for more funds on other projects. The ability to reprogram between construction projects, up to 10 percent, without further approval by Congress is key to the effective and timely completion of courthouse and other construction projects.

The proposed legislation would significantly complicate funding for courthouse construction and modernizations. GSA performs many preliminary studies and analyses before requesting funding for a capital project; for example, environmental impact studies, prospectus development studies, site acquisition analyses, and preliminary planning work with the community. GSA funds these analyses from a Federal Buildings Fund account that is separate from the construction account to which the judiciary branch's appropriated funds would be deposited. It is unclear whether the judicial branch or GSA would fund these studies under the proposed legislation and how the funding level would be set. Also unclear is the source of funding for the cost

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

estimates to be provided to the judicial branch pursuant to Section 605(a)(2)(A)(ii) of the proposed bill.

Also unclear is how courthouse projects funded by the judicial branch would be maintained after construction. GSA funds both ongoing maintenance and line-item repair and alteration (R&A) projects. How would funding for these projects be provided and who would be responsible? Determining the timing and scope of R&A projects would also be complicated if they were funded by the judicial branch through the Federal Buildings Fund.

The proposed bill would circumvent the Office of Management and Budget in the preparation of a unified budget program. GSA believes that construction funds for properties which will be constructed by the executive branch and remain in the executive branch's portfolio should be included in the executive branch's budget.

RONALD REAGAN BUILDING

Question. Recently, the Washington Post ran a story stating that the Customs Service was dissatisfied with security at its new offices in the Reagan Trade Center and that significant security problems existed in this new facility. Please provide an update on this issue. Have you been able to address the concerns of the Customs Service and are you satisfied that all necessary and appropriate steps are in place to provide security for this facility?

Answer. The recent Washington Post story relied on the contents of a four-month-old draft of a report, apparently, to suggest that security at the Reagan Building is somehow compromised. We commissioned the report precisely to help us find and correct flaws in the building's security. We believe the draft was correct about some things, and we have corrected them. The report misstated the facts in other recommendations.

We did reject the draft's intimations that the building should be closed to the general public. To do so would vitiate the idea of the Reagan Building as an economic stimulus to the city and living symbol of the openness of our government. Just as Congressional leaders rejected the idea of closing the Capitol to visitors following last summer's fatal attack on two Capitol police officers, so we will continue to reject closing our GSA public buildings to the public. We were gratified to see that Mayor Anthony Williams responded to the Washington Post article by urging us to keep the building open and lively.

The public can see for itself much of the security arrayed at the building. Visitors must pass through a checkpoint and metal detectors before they enter the separate, secure lobbies of the three agencies housed in the building. Vehicles in the public parking section undergo visual and automated inspection. We have added bollards around the building and taken special precautions to safeguard the daycare center.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

GSA has no more important duty than to ensure the physical safety and peace of mind of the employees who work in, and the members of the public who visit, the space that we own or lease on behalf of the Federal government. At the Ronald Reagan Building and International Trade Center, GSA is using the best available security measures to ensure the highest possible protection. Applying the best technology and thought to security, and with the indulgence of a public that has been strikingly understanding toward the inconvenience posed by increased security procedures, we can keep our public buildings public and secure them, too. We have invited the world to this remarkable building on America's Main Street and we will do everything reason compels to protect them.

GSA is confident that necessary security measures are in place at the Ronald Reagan Building. We also have an active partnership regarding security with the tenants in the building; we have met with agency heads and others to explain the security program. We will continue to review the security program to ensure that the most appropriate solutions are in place to provide a safe work environment for all tenants and visitors.

Question. What additional initiatives exist in your FY 2000 budget to address the issue of security in Federal facilities?

Answer. The Major Repairs and Alterations budget activity (B/A 55) request includes \$32 million for the window protection program in our Level IV government-owned buildings. The Basic Repairs and Alteration budget activity (B/A 54) request includes \$10.5 million for the implementation of newly identified Building Security Committee recommendations for security countermeasures.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

PERSONNEL DISTRIBUTION

Question. For FY 98, FY 99 and the current fiscal year, please provide a statistical profile of your employees and management personnel broken down by race, sex, and pay grade. How many African Americans, Hispanics, other minorities and women are employed by the GSA?

Answer. The information follows.

Pay Schedules

CA - Board of Contract Appeals

EA - Executive Pay

ED - Expert

EF - Consultant

ES - Senior Executive Service

GS - General Schedule

SL - Senior Level Position

W - Wage Grade Pay Schedules
(WG, WL, WS)

GSA FY 98

GENDER	RACE, NAT'L ORIGIN	CA-01	CA-02	CA-03	EA-03	EA-04	ED-00	EF-00	ES-00	SL-00	GRAND TOTALS
FEMALE	BLACK, NON-HISP								6		6
	HISPANIC								1		1
	WHITE, NON-HISP			3				1	22		26
	TOTAL FEMALE:			3				1	29		33
MALE	ASIAN/PAC ISLANDR								2		2
	BLACK, NON-HISP					1			9		10
	HISPANIC								2		2
	WHITE, NON-HISP	1	1	4	1		1	3	66	1	78
	TOTAL MALE:	1	1	4	1	1	1	3	79	1	92
GRAND TOTAL		1	1	7	1	1	1	4	108	1	125

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

GSA FY 98 (continued)

GENDER	RACE, NAT'L ORIGIN	GS-01	GS-02	GS-03	GS-04	GS-05	GS-06	GS-07	GS-08	GS-09	GS-10
FEMALE	ALL OTH AS/PAC I							1			
	AMER IND/IAK NATV			1		2	2	5	1	5	
	ASIAN/PAC ISLNDNR					15	9	25	3	19	
	BLACK/NON-HISP	5	24	36	53	125	150	333	32	238	1
	CHINESE					1					
	FILIPINO					1				1	
	HAWAIIAN							1			
	HISPANIC	3	2	6	12	27	29	35	5	35	
	NON-HISP IN P.R.										
	WHITE, NON-HISP	2	2	5	22	97	210	352	56	308	3
	TOTAL FEMALE:	10	28	48	87	268	400	752	97	606	4
MALE	ALL OTH AS/PAC I										
	AMER IND/IAK NATV						2	3	1	4	2
	ASIAN/PAC ISLNDNR			4	1	4	3	17	2	15	1
	BLACK, NON-HISP	2	5	16	36	54	117	69	127	22	
	CHINESE										
	FILIPINO										
	HAWAIIAN										
	HISPANIC			1	5	9	23	47	19	39	4
	JAPANESE									2	
	NON-HISP IN P.R.								1		
	WHITE, NON-HISP	4		4	23	67	113	199	117	273	30
	TOTAL MALE:	4	2	14	45	116	195	383	209	460	59
GRAND TOTAL		14	30	62	132	384	595	1,135	306	1,066	63

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

GSA FY 98 (continued)

GENDER	RACE, NAT'L ORIGIN	GS-11	GS-12	GS-13	GS-14	GS-15	GRAND TOTALS
FEMALE	ALL OTH AS/PAC I						1
	AMER INDI/ AK NATV	7	12	5	2		42
	ASIAN/PAC ISLNR	13	82	34	5	2	187
	BLACK/NON-HISP	234	539	293	87	19	2,169
	CHINESE						1
	FILIPINO						2
	HAWAIIAN						1
	HISPANIC	32	65	26	12	2	291
	NON-HISP IN P.R.				1		1
	WHITE, NON-HISP	320	844	677	270	109	3,277
	TOTAL FEMALE:	606	1,522	1,035	377	132	5,972
MALE	ALL OTH AS/PAC I		1				1
	AMER INDI/ AK NATV	7	6	10	1	2	38
	ASIAN/PAC ISLNR	17	87	53	20	6	230
	BLACK, NON-HISP	106	264	181	52	25	1,076
	CHINESE		1				1
	FILIPINO		1			1	2
	HAWAIIAN			1			1
	HISPANIC	29	64	30	11	6	287
	JAPANESE	1					3
	NON-HISP IN P.R.		2				3
	WHITE, NON-HISP	310	1,208	1,083	579	345	4,355
	TOTAL MALE:	470	1,634	1,358	663	385	5,997
GRAND TOTAL		1,076	3,156	2,393	1,040	517	11,969

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

GSA FY 98 (continued)

GENDER	RACE, NAT'L ORIGIN	W-01	W-02	W-03	W-04	W-05	W-06	W-07	W-08	W-09
FEMALE	AMER IND/AK NATV					1				
	ASIAN/PAC ISLNR					1			1	
	BLACK, NON-HISP	11	56			8	12	1	2	
	HISPANIC		1			2	1		1	
	WHITE, NON-HISP	2	7		1	4	5	1	4	1
	TOTAL FEMALE:	13	64			16	18	2	8	1
MALE	AL OTH AS/PAC I					1				
	AMER IND/AK NATV					5	1		3	1
	ASIAN/PAC ISLNR	1				10	4	2	6	3
	BLACK, NON-HISP	37	87	19	4	85	107	16	57	30
	CHINESE					1				
	FILIPINO						1			
	HAWAIIAN					2				
	HISPANIC	5	7	1		28	23	2	23	11
	JAPANESE									
	WHITE, NON-HISP	36	55	8	9	119	179	30	143	90
	TOTAL MALE:	79	149	28	13	251	315	50	232	135
GRAND TOTAL		92	213	28	14	267	333	52	240	136

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

GSA FY 98 (continued)

GENDER	RACE, NAT'L ORIGIN	W-10	W-11	W-12	W-13	W-14	W-15	W-16	W-17	GRAND TOTALS
FEMALE	AMER INDI/AK NATV									1
	ASIAN/PAC ISLNR									2
	BLACK, NON-HISP	3								93
	HISPANIC			1						6
	WHITE, NON-HISP	5								30
	TOTAL FEMALE:	8		1						132
MALE	AL OTH AS/PAC I									1
	AMER INDI/AK NATV	3	1							14
	ASIAN/PAC ISLNR	9	3	2						40
	BLACK, NON-HISP	139	99	30	2	2	1		2	717
	CHINESE									1
	FILIPINO									1
	HAWAIIAN	1								3
	HISPANIC	24	11	1						136
	JAPANESE	3								3
	WHITE, NON-HISP	356	108	31		1	1	1		1,167
	TOTAL MALE:	535	222	64	2	3	2	1	2	2,083
GRAND TOTAL		543	222	65	2	3	2	1	2	2,215

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

GSA FY 99

GENDER	RACE, NAT'L ORIGIN	CA-01	CA-02	CA-03	EA-03	EA-04	ES-00	SL-00	GRAND TOTALS
FEMALE	BLACK, NON-HISP						6		6
	HISPANIC						1		1
	WHITE, NON-HISP			3			20		23
	TOTAL FEMALE:			3			27		30
MALE	ASIAN/PAC ISLNR						2		2
	BLACK, NON-HISP					1	8		9
	HISPANIC						2		2
	WHITE, NON-HISP	1	1	3	1		64	1	71
	TOTAL MALE:	1	1	3	1	1	76	1	84
GRAND TOTAL		1	1	6	1	1	103	1	114

GENDER	RACE, NAT'L ORIGIN	GS-01	GS-02	GS-03	GS-04	GS-05	GS-06	GS-07	GS-08	GS-09	GS-10
FEMALE	ALL OTH AS/PAC I							1			
	AMER INDI/ AK NATV			1		1	3	6	1	5	
	ASIAN/PAC ISLNR					12	9	24	3	16	
	BLACK/ NON-HISP	9	8	49	42	117	148	311	37	240	1
	CHINESE					1					
	FILIPINO					1				1	
	HAWAIIAN							1			
	HISPANIC	1	1	10	10	25	31	32	5	35	
	NON-HISP IN P.R.										
	WHITE, NON-HISP	1		6	21	77	210	335	56	287	2
	TOTAL FEMALE:	11	9	66	73	234	401	710	102	584	3
MALE	ALL OTH AS/PAC I										
	AMER INDI/ AK NATV						2	3	1	5	2
	ASIAN/PAC ISLNR			2	1	5	3	15	2	12	1
	BLACK/ NON-HISP			3	14	29	48	117	62	137	20
	CHINESE										
	FILIPINO										
	HAWAIIAN										
	HISPANIC				6	6	27	40	19	45	6
	JAPANESE										
	NON-HISP IN P.R.								1		
	WHITE, NON-HISP	2	1	6	19	64	102	197	116	300	27
	TOTAL MALE:	2	1	11	40	104	182	372	201	499	56
GRAND TOTAL		13	10	77	113	338	583	1,082	303	1,083	59

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

GSA FY 99 (continued)

GENDER	RACE, NAT'L ORIGIN	GS-11	GS-12	GS-13	GS-14	GS-15	GRAND TOTALS
FEMALE	ALL OTH AS/PAC I						1
	AMER IND/AK NATV	6	12	5	2		42
	ASIAN/PAC ISLNDR	16	63	35	4	3	185
	BLACK/NOH-HISP	242	549	308	94	21	2,176
	CHINESE						1
	FILIPINO						2
	HAWAIIAN						1
	HISPANIC	32	71	27	11	2	293
	NOH-HISP IN P.R.				1		1
	WHITE,NOH-HISP	344	847	683	300	119	3,288
	TOTAL FEMALE:	640	1,542	1,058	412	145	5,990
MALE	ALL OTH AS/PAC I		1				1
	AMER IND/AK NATV	8	7	10	2	2	42
	ASIAN/PAC ISLNDR	16	93	49	23	7	229
	BLACK/NOH-HISP	119	268	184	59	28	1,088
	CHINESE		1				1
	FILIPINO		1			1	2
	HAWAIIAN			1			1
	HISPANIC	27	68	30	9	4	287
	JAPANESE	2	1				3
	NOH-HISP IN P.R.		2				3
	WHITE,NOH-HISP	300	1,212	1,090	594	345	4,375
	TOTAL MALE:	472	1,654	1,364	687	387	6,032
GRAND TOTAL		1,112	3,196	2,422	1,099	532	12,022

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

GSA FY 99 (continued)

GENDER	RACE, NAT'L ORIGIN	W-01	W-02	W-03	W-04	W-05	W-06	W-07	W-08	W-09
FEMALE	AMER IND/AK NATV					1				
	ASIAN/PAC ISLNDR					1			1	
	BLACK, NON-HISP	11	53			8	13	1	2	
	HISPANIC		1			2	1		1	
	WHITE, NON-HISP	2	6			6	5	1	3	1
	TOTAL FEMALE:	13	60			18	19	2	7	1
MALE	AL OTH AS/PAC I					1				
	AMER IND/AK NATV					4	1		4	1
	ASIAN/PAC ISLNDR	1				10	5	2	6	3
	BLACK, NON-HISP	37	77	19	4	81	109	16	57	29
	CHINESE					1				
	FILIPINO						1			
	HAWAIIAN					2				
	HISPANIC	5	7	1		28	23	2	19	11
	JAPANESE									
	WHITE, NON-HISP	36	54	8	5	124	176	27	126	84
	TOTAL MALE:	79	138	28	9	251	315	47	212	128
GRAND TOTAL		92	198	28	9	269	334	49	219	128

GENDER	RACE, NAT'L ORIGIN	W-10	W-11	W-12	W-13	W-14	W-15	W-16	W-17	GRAND TOTALS
FEMALE	AMER IND/AK NATV									1
	ASIAN/PAC ISLNDR									2
	BLACK, NON-HISP	3								91
	HISPANIC			1						6
	WHITE, NON-HISP	5								29
	TOTAL FEMALE:	8		1						129
MALE	AL OTH AS/PAC I									1
	AMER IND/AK NATV	3								13
	ASIAN/PAC ISLNDR	9	3	2						41
	BLACK, NON-HISP	133	90	29	2	2	1		2	688
	CHINESE									1
	FILIPINO									1
	HAWAIIAN	1								3
	HISPANIC	23	8	1						128
	JAPANESE	3								3
	WHITE, NON-HISP	334	88	26	2	1	1	1		1,093
	TOTAL MALE:	506	189	58	4	3	2	1	2	1,972
GRAND TOTAL		514	189	59	4	3	2	1	2	2,101

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

GSA CONTRACTS

Question. Please provide a profile broken down by race, sex, and company size of the vendors who are receiving contracts from the GSA. Please include the aggregate dollar amount of such contract awards, along with an aggregate dollar amount of all contracts awarded by the GSA to third parties.

Answer. GSA does not maintain records of the race of vendors who receive its contracts. However, GSA does record the amount of its contracts awarded to small, small disadvantaged (minority), and women-owned small businesses. GSA's contracting program is inclusive and provides for a diverse group of businesses.

GSA's fiscal year 1998 agencywide goal achievements, in the form of dollars and percentages, and dollars for contracts awarded to small, small minority, small women-owned, and other small disadvantaged (SDB) businesses, are cited below.

Contracts	Dollars	Percentage
Small Business	\$3,162,551	39.34%
Total Minority	\$846,841	10.54%
Woman-owned	\$268,662	3.34%
Section 8(a)	\$415,479	5.17%
Other SDB	\$431,362	5.37%
Balance of spending for Large and Small Businesses	\$2,914,698	36.24%
Total	\$8,039,593	100.00%

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

Question. Please detail the GSA's efforts to recruit African Americans, Hispanics, other minorities and women to its workforce and as vendors. How do you rate the success of your promotion and recruitment programs for such prospective employees and vendors?

Recruitment Of Minorities To Workforce

Answer. During the past several years, GSA has downsized its total workforce by about thirty percent. Our external recruiting has been extremely limited during this period.

However, more recently the agency is reinitiating recruitment in targeted occupational areas, such as financial and technological. And these efforts are focusing on recruitment of under-represented minorities and women. For example: Regional Human Resources Offices are developing recruitment plans to include the "how" and "when" of using the Outstanding Scholar Program, the Bilingual Bicultural Provision, and recruitment bonuses to recruit under represented minorities and women; and we are participating in a Job Fair in Puerto Rico to recruit for our targeted occupations.

As of September 30, 1998, GSA employed 13,981 full-time and part-time permanent employees. This is a decrease from our fiscal year 1997 strength of 14,097. However, the overall representation of women in GSA's work force for fiscal year 1998 increased to 42.6 percent from 42.3 percent in fiscal year 1997. Minorities in the GSA workforce increased to 37.1 percent from 36.9 percent in fiscal year 1997. The overall minority employment in GSA exceeds the Civilian Labor Force (CLF) (22.1).

Recruitment Of Minorities As Vendors

Answer. With respect to "Vendors", we rate our program as exemplary. GSA has won numerous awards for its outreach efforts to small businesses, especially minority and women-owned businesses. GSA's award of contracts to such businesses exceeds all national goals except the 5-percent goal for women, which we are working hard to meet. Contracts with women-owned businesses in GSA increased from less than 1 percent in 1992 to 3.34 percent for a total of \$268,662 million last year. In all of Government, GSA ranks second to the Department of Defense in contracts awarded to women and minorities.

Success Rate

We believe GSA's efforts to hire minorities through our employment programs; and to award vendor contracts to small, small minority, small women-owned, and other small disadvantaged (SDB) businesses shows that GSA has a positive success rate.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE**THE STATE AND LOCAL LAW ENFORCEMENT EQUIPMENT PROCUREMENT
PROGRAM
(THE "1122" PROGRAM)**

Question. Do the numbers provided in your FY 2000 budget request on the "Supply and Procurement" business line of the General Supply Fund include the revenue and expenses anticipated from the 1122 program?

Question. What is the anticipated cost of administering the 1122 program and how much revenue do you project it will produce in FY 2000?

Answers. The numbers provided in our FY 2000 budget request for the Supply and Procurement business line represents an overall forecast of business volume increase and the resources required to support this. The 1122 program represents 0.02% of our business volume for the stock, special order, and schedules programs. While there is anticipated growth projected for 1999 and 2000 for the entire business line, we expect the 1122 portion of our business volume to remain relatively insignificant. Recognizing this, we do not identify specific revenue targets or expenses for so small a sector of our business.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

Question. Please provide the dollar amount of equipment and supplies that have been purchased through the 1122 program (on an annual basis) since inception of the program.

Answer.

Non-Vehicles

	FY96	FY97	FY98	FY99 (YTD)	Total
Wyoming			\$ 5,202.95	\$ 2,359.76	\$ 7,562.71
Virginia			\$ 385,718.63	\$ 158,223.52	\$ 543,942.15
California	\$ 4,167.28	\$392,535.14	\$ 315,033.30	\$ 166,959.52	\$ 878,695.24
West Virginia		\$ 98,226.68	\$ 50,417.96		\$ 148,644.63
North Carolina			\$ 35,705.43	\$ 5,156.32	\$ 40,861.75
Colorado				\$ 5,794.88	\$ 5,794.88
Total	\$ 4,167.28	\$490,761.81	\$ 792,078.26	\$ 338,494.00	\$1,625,501.35

Vehicles

	FY96	FY97	FY98	FY99 (YTD)	Total
California	\$94,900.52	\$285,805.69	\$ 219,835.28	\$ 756,515.66	\$1,357,057.15
Hawaii				\$ 17,441.69	\$ 17,441.69
Total	\$94,900.52	\$285,805.69	\$ 219,835.28	\$ 773,957.35	\$1,374,498.84

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

Question. Which GSA supply schedules are currently included in the 1122 program, and when were they included in the program?

Answer. The following is a list of GSA Federal Supply Schedules included in the 1122 program. An asterisk (*) indicates an original schedule participating in the 1122 program in 1995/1996. All other schedules were added after December 1998.

- * 19 I Marine Craft and Equipment, Inboard and Outboard Engines, Towable Bladders and Floating Barriers, and Buoys
- 23 I Wheel and Track Vehicles
- 25 I A Vehicular Equipment and Accessories
- 32/34 Woodworking and Metalworking Machinery and Equipment
- 36 IV Document Management Products and Services
- 37 II A Lawn and Garden Equipment and Cattle Guards
- 39 II A Material Handling Equipment, Scaffolding, and Work and Service Platforms
- 39 II B Forklifts
- 41 I Household and Office Appliances
- 42 I B Firefighting and Rescue Equipment
- 42 IV Fire Fighting and Waste Disposal Vehicles
LIMITED TO COMMAND CENTERS ONLY
- 46 I A Water Filtration Equipment
- 49 I B Automotive Maintenance and Repair Shop Equipment and Related Environmental Products
- 49 II Maintenance and Repair Shop Equipment and Cleaning Equipment
- 51 I B Tools, Tool Sets and Tool Kits—Industrial Quality, Hand, Precision, Measuring
- 51 V Hardware Store
- 51 VI Power Driven Portable Hand Tools

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

- | | |
|---------------|--|
| 51 VII | Portable Tool Boxes (Mobile Tool Cabinets/Chests, Intermediate Chest, Top Chest, Side Cabinet and Accessories) |
| 54 III | Above Ground Storage Equipment |
| 56 IV A | Construction and Building Materials |
| * 58 III B | Communications Equipment--Recording and Reproducing Video and Audio Equipment |
| * 58 V A | ADP/Telecommunications Media Supplies |
| * 58 IX | Telecommunications Equipment--Telemetry, Underwater Sound, Radar (except airborne), Visible and Invisible Light Communications, and Signal Data and Night Vision Equipment |
| * 61 V | Power Distribution Equipment, Generators, and Batteries
[* 61 V was originally 61 V A] |
| 62 I | Lighting Fixtures and Lamps--Household and Quarters Use |
| 62 II | Energy Efficient Products - Solar Panels and Lighting Products |
| 63 I | Alarm and Signal Systems/Facility Management Systems |
| 66 II C | General Purpose Laboratory Equipment: Microscopes, Centrifuges, Animal Cages, Furniture, Refrigerators, Ovens, Scales and Balances, Fume Hoods, and Biological Safety Cabinets |
| 66 II J | Test and Measurement Equipment for Electric, Electronic, Mechanical and Thermal Quantities; Avionics Test Equipment; and Unmanned Aerial Vehicles (UAVs) |
| 66 II N | Chemistry, Biochemistry, and Clinical Instruments |
| 66 II Q | Geophysical, Environmental Analysis and Hazard Detection Equipment |
| * 67 II & III | Photographic Equipment, Supplies and Services, Video Services |
| 68 I A | Chemicals and Chemical Products - Calcium chloride, Deicing Compounds, Sodium Chloride and Bulk Sodium Chloride |

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

- 68 III D Propane (Bulk and Cylinder)
- 68 V A Water Purification Chemicals
- 68 V B & C Water Treatment Chemicals
- 68 VI B Chemicals and Chemical Products - Deodorants
- * 69 Training Aids and Devices
- * 70 General Purpose Commercial Information Technology Equipment,
Software, and Services
[*70 was originally 70 I B & C]
- 71 I E Household and Quarters Furniture--Upholstered (Performance Tested)
- 71 I H Household and Quarters Furniture--Wall Units, Loft Groups, Bedroom and Dining Room Furniture, and Kitchen Cabinets
- 71 II C Miscellaneous Furniture--Filing and Storage Units
- 71 II D Executive Furniture--Executive Office and Conference Room Furniture, Accent Pieces, Accessories, and Installation
- 71 II E Furniture Systems--Systems Furniture and Workstation Clusters
- 71 II H Packaged Furniture
- 71 III A Miscellaneous Furniture--Preschool and Classroom, Auditorium and Theater Seating
- 71 III B Miscellaneous Furniture--Library: Wood, Metal or Plastic
- 71 III C Miscellaneous Furniture--Storage Cabinets For Forms and Flammable Liquids, and Card-Size Filing Cabinets (Steel)
- 71 III D Mail Room Furniture--Mail Sorting and Distribution Furniture, Bin Racks and Carts, Light Duty Small Parts Cabinets, and Plastic Storage Bins
- 71 III E Miscellaneous Furniture--Security Filing Cabinets, Safes, Vault Doors, Map and Plan Files and Accessories, COMSEC Containers, and Special Access Control Containers

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

- 71 III F Miscellaneous Furniture--Hospital Patient Room Furniture
- 71 III H Miscellaneous Furniture--Multipurpose Seating
- 71 III J Miscellaneous Furniture--Steel Vertical Blueprint Filing Cabinets,
Roll Drawing Files and High-Density Movable Shelf Filing Cabinet
Systems
- 71 III L Miscellaneous Furniture--Cafeteria and Food Service
- 71 III M Miscellaneous Furniture--Acoustical Partitions, Speech Privacy
Partitions and Vertical Surface Panels
- 71 III N ADP Furniture, Storage and Transportation Items
- 71 III T Display and Communication Boards
- 71 III Y Special Purpose Furniture--Drafting Stools, Clothing Lockers and
Locker Benches
- 71 X Miscellaneous Furniture--Conference Room and Multipurpose
Tables
- 71 XIV B Industrial Furniture--Workbenches, Worktables and High-Density
Storage Cabinets and Enclosure Systems For Modular Electronic
Equipment
- 72 I A Household and Commercial Furnishings--Carpet, Carpet Tiles,
Cushions, Resilient Flooring--Vinyl and Rubber Tile, Sheet Goods,
Mats and Matting (with and without logos)
- 72 V Household and Commercial Furnishings--Draperies, Coordinating
Bedspreads, Drapery Hardware, Venetian Blinds, Cubicle Curtains,
Vertical Blinds and Window Shades
- 72 VII B Recycling Collection Containers and Specialty Waste Receptacles
- 72 VIII Household and Office Accessories--Wall Art, Artificial Plants, and
Planters
- 73 III Food Service, Handling, Refrigeration and Storage Equipment,
Cooking Equipment, Dishwashing Equipment, Food Preparation
Equipment, Refrigeration and Other Items

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

74 IV	Visible Record Equipment
75 I D	Office Supplies--Plotting, Facsimile, Chart and Recording Paper and Supplies
75 II A	Office Supplies
75 II B	Custom Business Products--Business Cards
75 III A	Office Supplies--Next Day Delivery
75 V	Office Supplies--Envelopes: Mailing, Printed, and Plain
75 VIII A	Office Supplies--Cards: Tabulating, Aperture and Copy
75 XI	Office Supplies--Paper: Xerographic and Thermal Copy Paper
76 I	Publications--Dictionaries, Encyclopedias, Reference and Instructional Books and Pamphlets, Technical Books, Medical Books, Almanacs, Geography Books, and Maps and Atlases
76 II	Publications--Law Books, Tax and Reporting Periodicals and Microfilm Library Systems (print, microfiche, CD-ROM, on-line)
77 II	Musical Instruments - Instruments, Amplifiers, Accessories and Spare Parts
77 III	Audio and Video Equipment - Televisions, TV/VCR Combinations, VCR/VCP Stereo Components, and Hand Held Camcorders
78 I A	Athletic and Recreational Equipment; Crafts and Hobbies; Toys and Preschool Aids; and Theatrical Equipment and Supplies
78 I C	Park and Outdoor Recreation Equipment
79 I B	Cleaning Equipment, Accessories and Supplies, Cleaning Chemicals and Sorbents
80 I A	Paint Store, Paint and Related Supplies
80 III A	Sealants, Adhesives and Corrosion Preventatives/Preservatives
80 VI A	Latex Base Paint (Interior and Exterior)
80 X	Coatings--Aerospace, Marine, Vehicle, Industrial

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

- 81 I B Shipping, Packaging and Packing Supplies
- 84 II B Special Purpose Clothing
- 84 VI A Law Enforcement and Security Equipment
- 85 I A Sanitary Paper--Jumbo Roll Toilet Tissue, Paper Towels and Dispensers
- 85 II A Toiletries
- 99 IV Signs; Display Systems; Traffic, Road and Boundary Signs and Markers; and Related Components and Fixtures
- 99 VI A Trophies, Awards, Presentations and Promotional Materials

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

Question. Please provide any information you have on the rationale for inclusion of each schedule in the 1122 program and whether the items on each schedule are consistent with the mandate of Section 1122 of PL 103-60, which requires GSA to "produce and maintain a catalog of law enforcement equipment suitable for counter-drug activities for purchase by States and units of local government."

Answer. The law enacting the 1122 program gave a very broad definition of what was eligible under the program. To quote from the section, "The term 'law enforcement equipment suitable for counter-drug activities' has the meaning given such term in regulations prescribed by the Secretary of Defense. In prescribing the meaning of the term, the Secretary may not include any equipment that the Defense Department does not procure for its own purposes."

GSA cannot presuppose which of our schedule items may be appropriate for the purposes of the 1122 program. The decision as to which schedule items are appropriate for drug interdiction is left to the organizations and the law enforcement professionals in the field. It is for this reason, we believe, that the Congress defined the term so broadly. Administration of the program rests with the Department of Defense and the Department of Justice.

As a result of customer focus group meetings with law enforcement personnel, GSA was requested to expand the 1122 program to offer additional products to assist the states and local law enforcement activities in their counter-drug missions. After a formal request from GSA, the U.S. Army, as the Executive Agent of the program, granted GSA the authority to expand the list of products available under the program.

Since the program was initially expanded on a schedule basis, and each Federal Supply Schedule contains a multitude of products, there will, inevitably, be some products which may not appear to have a direct relationship to drug interdiction. In order to avoid any potential misuse of the schedules, however, all orders under the 1122 program must be forwarded by the law enforcement entity to a State Point of Contact (SPOC). The SPOC, who is appointed by the governor of each state, is responsible for verifying that the product to be acquired will, in fact, be used in the performance of a counter-drug mission. By having the SPOCs scrutinize every order, we have a "control" in place to ensure that the products acquired under the 1122 program are used solely as authorized by the statute.

The 1122 program is not a large program within either GSA or DOD. The supplies and equipment available under the program are commercial off-the-shelf items that meet the broad definition of eligible items under the statute. As such, the risks associated with the program are very low.

Although we believe that we are in compliance with the law and Congressional intent on this program, we will nonetheless undertake a thorough review of the 1122 program. We will work with the Committee to resolve any discrepancies between our actions and

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

Congressional intent. If necessary, we will place limitations on the use of schedules in order to comply with Congressional intent.

1999 PER DIEM RATES

Question. Please provide the survey information and other data used to compile the 1998 and 1999 per diem rates for Raleigh, Durham, Chapel Hill, and Research Triangle Park.

Answer. In establishing the lodging portion of the per diem rates, we hired an independent contractor to conduct an annual survey of approximately 600 locations throughout the country. That survey involves directly contacting properties in the designated survey location and gathering information from them to use in the rate development. The properties contacted have to be either two or three star/diamond rated facilities (as rated by AAA or Mobil) and have to be on the fire safe list maintained by the Federal Emergency Management Administration. The contractor is responsible for assuring that the data used has a 95 percent confidence level, plus/minus a 2 percent precision level.

To insure that room supply met room demand, the number of Federal travelers was obtained from American Express, the Government's charge card vendor at the time. To compensate for the fact that not all Federal travelers use the Government charge card (approximately 52 percent use the card), we doubled the room night demand. Accordingly, the per diem rates for all locations surveyed were based on the Government rate charged without taxes and the total number of room nights available at that rate from Monday through Thursday, as supplied by the property, compared to the number of room nights required by the Government travel.

In 1998, the above areas were "blended" together and the rate of \$96 was established based on the information provided by the hotel industry. As requested, attached is a copy of the 1998 survey information that provides the data used to establish the rate.

Several changes were made during the 1999 rate setting process. One was the decision to breakout 23 major metropolitan areas and 69 other blended areas. This was part of a nationwide effort to ensure that each component of a previously blended market had a rate reflective of that market itself. We have also attached copies of the survey information for 1999 rates as requested.

Question. Why did GSA list Research Triangle Park as a city and create a separate per diem rate for Research Triangle Park when in fact it is not a city but located in Durham County and served by hotels in Durham?

Answer. Research Triangle Park has historically been surveyed in the per diem process. Locations are designated for survey based upon requests by Federal agencies. Once a location is surveyed, it remains on the survey list until a separate

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

rate is no longer needed because either it can be covered by the standard national rate (currently \$50 for lodging and \$30 for meals and incidental expenses) or a Federal agency justifies deleting it (usually due to base closures, etc.).

Despite being in Durham County, Research Triangle Park is shown as a separate entity from Durham in trade publications such as the Hotel & Travel Index, a nationwide listing of lodging properties. It is not uncommon to have more than one rate used for a county, depending upon the circumstances. When the survey results were received from the local lodging industry it was apparent that both locations should be distinct markets. Being in the same county does not necessitate sharing the same rate.

Also, we are very sensitive to the Federal travelers, and one of the principal indicators we use to flag a location as to needing to be resurveyed is the level of complaints received from the Federal traveler. As of today, we have not received any complaints regarding the breakout of this specific area. We would be happy to review the rate structure if a formal request was received for Research Triangle Park.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

Lodging – Aggregate and Detailed Report by Destination 8/19/98

Details for: State: NC Location: RALEIGH County: WAKE Seasonal Indicator: N
Date Surveyed: 07/17/98

Postal Code	Total # Of Rooms	# of Corp. Rooms	# of Govt. Rooms	Rack With Tax	Rack W/o TAX	Corp. With Tax	Corp. W/o Tax	Govt. With Tax	Govt. W/o Tax
27604				61.60	55.00	54.88	49.00	42.56	38.00
27609				61.60	55.00	54.88	49.00	47.04	42.00
27604				68.88	61.50	66.08	59.00	66.08	59.00
27609				79.52	71.00	77.28	69.00	77.28	69.00
27609				77.83	69.49	77.83	69.49	77.83	69.49
27612				88.48	79.00	82.88	74.00	82.88	74.00
27609				117.60	105.00	117.60	105.00	95.20	85.00
27612				144.48	129.00	144.48	129.00	96.32	86.00
27609				110.88	99.00	110.88	99.00	96.32	86.00
27612				120.96	108.00	109.76	98.00	98.56	88.00
27612				153.44	137.00	129.92	116.00	100.80	90.00
27604				143.30	127.95	123.14	109.95	107.18	95.70
27609				133.28	119.00	133.28	119.00	110.88	99.00
27612				189.28	169.00	178.08	159.00	155.68	139.00

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

**Lodging – Aggregate and Detailed Report by Destination
8/19/98**

State NC	City DURHAM	County DURHAM	Population 136,611
Seasonal Indicator N			
Seasonal Dates N/A		Tax Rate 11.00%	Tax Exempt Y
1998 Per Diem: 96.00		State Lodging Rate 43.00	Collapsed rate N
Survey Locations DURHAM		%Difference In/Off season rate	
		Rack Corp Govt	
		N/A N/A N/A	
	Rack Corporate Govt	Non-Season Rack Weighted Average: 119.00	
Average With Tax	103.00 91.50 79.00	Non-Season Corp Weighted Average: 95.00	
W/O Tax	93.00 82.50 71.00	Non-Season Govt Weighted Average: 81.00	
Total # of Properties in Destination:	41	Govt. Annual Room Nights Needed:	16,080
Total # of Properties in Survey Universe:	13	Govt. Daily Room Nights Needed:	64
Total # of 2&3 Star/diamond FEMA Properties in Dest:	13	Total # of rooms Available In Survey Properties:	1,948
Total # of FEMA Properties Providing Data:	13	Total # Rooms Available (Fed.Govt.Rate Mon-Thurs)	1,861
Total # of UFA Properties	0	Total # Rooms Available (Corp Rate Mon-Thurs)	1,861
		Average Daily Occupancy Rate (S.T.R.)	70.2%
1999 Proposed Govt Non-Season Lodging Allowance with Tax	77.00		
1999 Proposed Govt Non-Season Lodging Allowance w/o Tax	69.00		

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

Lodging – Aggregate and Detailed Report by Destination 8/19/98

Details for: State: NC Location: DURHAM County: DURHAM Seasonal Indicator: N
Date Surveyed: 07/20/98

Postal Code	Total # Of Rooms	# of Corp. Rooms	# of Govt. Rooms	Rack With Tax	Rack W/o TAX	Corp. With Tax	Corp. W/o Tax	Govt. With Tax	Govt. W/o Tax
27701				44.27	39.88	44.27	39.88	44.27	39.88
27705				53.27	47.99	53.27	47.99	53.27	47.99
27713				55.49	49.99	55.49	49.99	55.49	49.99
27707				62.15	55.99	62.15	55.99	62.15	55.99
27705				65.49	59.00	65.49	59.00	65.49	59.00
27705				72.15	65.00	68.82	62.00	68.82	62.00
27707				81.03	73.00	76.59	69.00	76.59	69.00
27713				149.85	135.00	120.99	109.00	95.46	86.00
27701				155.40	140.00	109.89	99.00	95.46	86.00
27703				237.54	214.00	132.09	119.00	96.00	86.49
27713				143.19	129.00	143.19	129.00	96.00	86.49
27705				144.24	129.95	133.14	119.95	101.01	91.00
27705				160.95	145.00	132.09	119.00	106.56	96.00

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

**Lodging – Aggregate and Detailed Report by Destination
8/19/98**

State NC	City CHAPEL HILL	County ORANGE	Population 38,719
Seasonal Indicator N			
Seasonal Dates N/A		Tax Rate 11.00%	Tax Exempt Y
1998 Per Diem: 96.00		State Lodging Rate 43.00	Collapsed rate N
Survey Locations CHAPEL HILL		%Difference In/Off season rate	
		Rack Corp Govt	
		N/A N/A N/A	
	Rack Corporate Govt	Non-Season Rack Weighted Average: 111.00	
Average With Tax	105.00 100.50 82.00	Non-Season Corp Weighted Average: 106.00	
W/O Tax	94.50 90.50 74.00	Non-Season Govt Weighted Average: 84.00	
Total # of Properties in Destination:	10	Govt. Annual Room Nights Needed:	3,380
Total # of Properties in Survey Universe:	3	Govt. Daily Room Nights Needed:	14
Total # of 2&3 Star/diamond FEMA Properties in Dest:	3	Total # of rooms Available In Survey Properties:	441
Total # of FEMA Properties Providing Data:	3	Total # Rooms Available (Fed.Govt.Rate Mon-Thurs)	441
Total # of UFA Properties	0	Total # Rooms Available (Corp Rate Mon-Thurs)	441
		Average Daily Occupancy Rate (S.T.R.)	73.8%
1999 Proposed Govt Non-Season Lodging Allowance with Tax	77.00		
1999 Proposed Govt Non-Season Lodging Allowance w/o Tax	69.00		

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

**Lodging – Aggregate and Detailed Report by Destination
8/19/98**

Details for: State: **NC** Location: **CHAPEL HILL** County: **ORANGE** Seasonal Indicator: **N**
Date Surveyed: 07/15/98

Postal Code	Total # Of Rooms	# of Corp. Rooms	# of Govt. Rooms	Rack With Tax	Rack W/o TAX	Corp. With Tax	Corp. W/o Tax	Govt. With Tax	Govt. W/o Tax
27514				73.26	66.00	73.26	66.00	73.26	66.00
27514				87.69	79.00	78.92	71.10	76.59	69.00
27514				154.29	139.00	148.74	134.00	96.00	86.49

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

**Lodging – Aggregate and Detailed Report by Destination
8/19/98**

Details for: State: **NC** Location: **RESEARCH TRIANGLE PARK** County: **DURHAM** Seasonal
Indicator: **N** Date Surveyed: 07/15/98

Postal Code	Rack With Tax	Rack W/o TAX	Corp. With Tax	Corp. W/o Tax	Govt. With Tax	Govt. W/o Tax	Rating	Tax Exmpt	FEMA Apprv
27713	105.28	94.00	88.48	79.00	85.12	76.00	2	Y	N
27709	154.29	139.00	144.30	130.00	94.35	85.00	3	Y	Y
27709	165.39	149.00	154.29	139.00	154.29	139.00	3	Y	Y

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

Executive Order 13101

Question. Do all paper products currently listed on the Federal Supply Schedule meet Executive Order 13101's 30% minimum postconsumer materials content standard?

Answer. All applicable paper products in the GSA supply system meet the 30% requirements of Executive Order 13101.

Question. According to Section 506 of this Executive Order, GSA is directed to revise the brightness specifications and standards for paper within 6 months of the date of the order, which would have been March 14, 1999. This review is designed to "revise or eliminate and standards or specifications unrelated to performance that present barriers to the purchase of paper or paper products made by production processes that minimize emissions of harmful byproducts," and GSA is directed to review "unnecessary brightness and stock clause provisions, such as lignin content and chemical pulp requirements." What is the status of GSA's mandated revision of the brightness specifications and standards in accordance with these requirements?

Answer. The requirement to review the brightness standards and specifications was originally introduced in the preceding Order 12873 and the review was completed under that order. In some instances, we eliminated references to brightness because they were considered unnecessary, even though there were no objections reported by industry that these references presented any barriers to them. For some items, however, there are requirements to comply with Joint Committee on Printing (JCP - an agency of the Congress) specifications, which include specific brightness levels.

Question. Please provide copies of the prior and revised brightness standards for the record.

Answer. There are over 40 documents used to purchase office paper products, wherein references to brightness are made, where applicable. A representative sampling of these documents has been provided for purposes of demonstration. The full complement can be provided, if required.

Attachment 1 is the Federal Specification (UU-P-21G, dated 9/15/89) for writing pads that was in use prior to Executive Order 12873. The reference to 'brightness' is found on page 3, paragraph 3.1 Comparison sample, which states "The color of the paper shall be as bright or brighter than the comparison sample." Contractors were provided samples of the product.

Attachments 2 and 3 are samples of Commercial Item Descriptions (CIDs) that were developed to replace the above Federal Specification. The CID A-A-2892, dated 11/16/94, is for writing pads. The CID A-A-2893, dated 11/15/94, is for the same product except it has a leatherette binding. In converting the above Federal Specification to the CIDs, the brightness specifications and standards were reviewed.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN PRICE

As a result, there is no reference at all to brightness in either CID. On page 2 of each CID, paragraph 2.3.2 Color, reads "The pad sheets shall be white, and all of the same color."

Attachment 4 is a copy of a Joint Committee on printing specification for the same kind of item--writing tablets. In contrast, the JCP D15, dated 7/1/94, contains a brightness requirement of 79%, in the paragraph titled 'Color'.

UU-P-21G
September 15, 1989
SUPERSEDING
Fed. Spec. UU-P-21F
October 16, 1972

FEDERAL SPECIFICATION

PAD, WRITING PAPER

This specification was approved by the Commissioner, Federal Supply Service, General Services Administration, for the use of all Federal agencies.

1. SCOPE AND CLASSIFICATION

1.1 Scope. This specification covers writing paper pads, easel or wall (lecture) pads and legal pads.

1.2 Classification. Pad paper shall be of the following types, as specified (see 6.2):

- Type I - Writing paper pads.
- Type II - Easel pads.
- Type III - Legal pads.

2. APPLICABLE DOCUMENTS

2.1 The following documents of the issue in effect on date of invitation for bids or request for proposal, form a part of this specification to the extent specified herein.

Federal Specification:

- PPP-B-1163 - Box, Corrugated Fiberboard, High Compression Strength, Weather-Resistant, Wax-Resin Impregnated.

FSC 7530

ATTACHMENT 1

Technical Association of the Pulp and Paper Industry (TAPPI)
Standards:

- T401 - Fiber Analysis of Paper and Paperboard
- T402 - Standard Conditioning and Testing Atmospheres for Paper, Board, Pulp Handsheets and Related Products.
- T403 - Bursting Strength of Paper.
- T410 - Weight per Unit Area (Basis Weight or Substance) of Paper and Paperboard.
- T411 - Thickness (Caliper) of Paper and Paperboard.
- T425 - Opacity of Paper.
- T807 - Bursting Strength of Paperboard and Linerboard.

Application for copies should be addressed to the Technical Association of the Pulp and Paper Industry, Technology Park/Atlanta, P.O. Box 105113, Atlanta, GA 30348.

Technical society and technical association specifications and standards are generally available for reference from libraries.

3. REQUIREMENTS

3.1 Comparison sample. Writing pads shall conform to the comparison sample as provided by the contracting officer with respect to color, finish, and formation. The color of the paper shall be as bright or brighter than the comparison sample. As applicable, the pad ruling lines shall conform favorably to the comparison sample with respect to color, location, intensity, and clarity.

3.2 Material.

3.2.1 Paper. The writing pad paper shall be made from not less than 95 percent bleached chemical pulp, with not more than 5 percent unbleached and/or ground wood pulp, when tested as specified in 4.2. The backing shall contain reclaimed fibers (see 3.2.3.1).

3.2.1.2 Physical properties. The physical properties of the paper shall conform to the requirements specified in Table I when tested as specified in 4.2.

3.2.3.1 Regulatory requirements. The paper offered shall include a minimum of 50% waste paper (see 6.5.2).

3.2.3.2 Regulatory requirements. The backing offered shall include a minimum of 90% post consumer recovered material (see 6.5.1).

3.3 Color. The color of the ruled and unruled sheets shall conform to the comparison sample (see 3.1). The sheets shall be white or yellow as specified (see 6.2). All sheets in a pad shall be the same color.

3.4 Size. The first dimension given is the horizontal dimension.

3.4.1 Type I pads. Type I pads shall be 3 by 5 inches, 5 by 8 inches, 8 1/2 by 11 inches or 8 1/2 by 14 inches as specified (see 6.2). A tolerance of $\pm 1/8$ inch in each direction shall be permitted.

3.4.2 Type II pads. Type II pads shall have minimum overall dimensions of 27 by 34 inches and shall not exceed 27 1/2 by 35 1/2 inches.

3.4.3 Type III pads. Type III pads shall be 8 1/2 by 14 inches. A tolerance of $\pm 1/8$ inch in each direction shall be permitted.

3.5 Rulings. Pads shall be ruled or unruled, as follows:

Type I, size 3 by 5 inches and 5 by 8 inches shall be unruled.

Type I, size 8 1/2 by 11 inches, shall be unruled, ruled one side, or ruled two sides, as specified (see 6.2).

Types I and III, size 8 1/2 by 14 inches, shall be ruled on two sides.

Type II shall be ruled or unruled, as specified (see 6.2).

3.5.1 Ruling configuration.

3.6.1 Type I pads. Not less than one hundred sheets of paper (see 3.2.1) and a backing sheet (see 3.2.2), of equal size, + 1/16 inch, shall be securely fastened together along the top edge (horizontal dimension). Type I pads shall be fastened with a hot melt plastic resin material, or a cold, water resistant, padding compound material, or an adhesive binding material with cheesecloth strip, at the option of the contractor, unless otherwise specified. The pad binding shall be of a quality which will result in conformance to the testing in 4.4.2 and 4.4.3. Pads ruled on one side only shall be assembled with the ruled side uppermost.

3.6.2 Type II pads. Each pad shall contain not less than fifty sheets of paper (see 3.2.1). The sheets shall have a backing sheet (see 3.2.2), of equal size, + 1/16 inch, and a front reinforcing strip of the same material. The front reinforcing strip shall run the full width of the pad and shall extend 1 3/16 inches, + 1/8 inch, from the top edge of the pad. A minimum of four staples shall fasten together the front reinforcing strip, sheets, and backing sheets.

A cloth binding strip, of the type used commercially for this purpose, shall be firmly adhered to the backing, top edge, and reinforcing strip. The cloth binding shall cover the front reinforcing strip, plus 1/32 inch, minus 1/16 inch, and shall extend and cover the full width of the backing sheet for a distance of not less than 1/2 inch from the top edge.

The cloth binding shall be attached with a suitable adhesive. The sheets shall be perforated across the width of the pad. The perforations shall be parallel to the bottom edge of the reinforcing strip and shall not fall under the strip nor be located beyond the bottom edge of the strip by more than 1/16 inch. The top assembly, as described above, shall be punched with two holes. The holes shall have a diameter of 5/16 inch, + 1/16 inch, and shall be spaced 17 1/2 inches, plus or minus 1/16 inch, center to center, located equidistant from the nearest sides. The holes shall be placed 1/2 inch, + 1/16 inch, hole center to top edge of the pad.

4. QUALITY ASSURANCE PROVISIONS

4.1 Responsibility for inspection. Unless otherwise specified in the contract or purchase order, the supplier is responsible for the performance of all inspection requirements as specified herein. Except as otherwise specified, the supplier may utilize his own facilities or any commercial laboratory acceptable to the Government. The Government reserves the right to perform any of the inspections set forth in the specification where such inspections are deemed necessary to assure that supplies and services conform to prescribed requirements.

4.1.1 Inspection. Sampling for examination and tests shall be performed in accordance with MIL-STD-105, except where otherwise noted. For purposes of sampling, a lot shall consist of pads of one type, size, and as applicable, ruling submitted for inspection at one time.

4.1.2 Inspection of components and materials. In accordance with 4.1, the supplier is responsible for insuring that components and material were manufactured, examined, and tested in accordance with this specification or referenced subsidiary specifications and standards.

4.1.2.1 Component testing. Each lot of paper and backing material used for the fabrication of writing paper pads shall be tested in accordance with the applicable test methods specified hereinafter, to determine compliance with the requirements of section 3. Each inspection lot shall consist of a component of a single grade manufactured by the same source, under essentially the same conditions and used in the production of the quantity of the end item submitted for inspection at one time.

4.1.2.2 Evidence of compliance. In lieu of using his own facilities, the contractor may submit a report of analysis of component materials from a laboratory acceptable to the Government, whether an independent test facility or the laboratory of the raw material supplier, as evidence of compliance with the specification requirements. The report of analysis shall include, in addition to the actual data, the manufacturer's name and address of the testing laboratory, date of test, and quantity of material represented by the test report.

4.3.1.1 Inspection levels and acceptable quality levels for examination. The inspection levels for determining the sample size and AQL's, expressed as defects per hundred units, shall be as follows:

<u>Examination paragraph</u>	<u>Inspection levels</u>	<u>AQLs</u>
4.3.1.2	S-2	2.5
4.3.1.2.1	S-1	NA
4.3.1.3	S-3	2.5
4.3.1.4	S-3	4.0
4.3.1.5	(as stated in paragraph)	

4.3.1.2 Examination of preparation for delivery. An examination shall be made to determine whether: markings, materials, workmanship, and contents shall comply with requirements of section 5. The lot size shall be expressed in units of shipping containers. The sample unit shall be one shipping container fully packed. Closed containers shall be examined for closure defects.

<u>Examine</u>	<u>Defects</u>
Marking (exterior and interior)	Incorrect; incomplete; illegible, omitted; of improper size, location, sequence, or method of application.
Material	Any nonconforming component; components missing, damaged, or otherwise defective.
Workmanship	Inadequate application of components such as: incomplete closure of container flaps, loose or inadequate sealing, strapping, or stapling, bulged or distorted container.
Contents	Number of pads per shipping container more or less than specified.

Examine	Defects
Sheet size	
Type I	Not size specified, within plus or minus 1/8 inch.
Type II and III	More or less than dimensions permitted.
Backing Size	More or less than sheet size by 1/16 inch.

4.3.1.5 Examination of the end item for visual defects. The pads selected as specified in 4.3.1.2.1 shall be examined for the defects listed below. Applicable pads and each sheet in each pad shall be examined for the defects listed below. The acceptable quality level (AQL) for pad defects shall be 2.5 defects per hundred pads. The acceptable quality levels (AQL's) for sheet defects shall be 2.5 defects per hundred sheets for major defects and 40 defects per 100 sheets for minor defects.

Examine	Defects
Pads	Pad edges not smoothly and evenly cut. Color of sheets varies within the pad. Color of sheets varies between pads.
Sheets	Color, finish, formation do not conform to the comparison sample.
Rulings	Not uniform; partial line; not continuous; wavy. Not as specified. Location and spacing not as specified; within tolerance permitted.
Cleanliness	Presence of holes, tears, or scuff marks; dirt or slime spot; foreign matter.

5. PREPARATION FOR DELIVERY

5.1 Packaging. Packaging shall be level A or B, as specified (see 6.2).

5.1.1 Level A. Writing pads in quantities as specified in table IV, shall have fiberboard stiffeners, the size of the stacked pads, on top and bottom to prevent damage to edges and then be completely wrapped in 50 pound kraft and sealed with gummed tape or a suitable adhesive. The package will provide product protection against loss and damage during multiple shipments, handling and storage.

5.1.2 Level B. Writing pads in quantities specified in table IV shall be stacked so that the chipboard backings are on top and the bottom (e.g. half the number face up and the other half face down). The pads shall be completely wrapped with 50 pound kraft paper and sealed with tape or a suitable adhesive or shall be wrapped in a transparent plastic film or a plastic heat-shrinkable film.

5.2 Packing. The packages of pads, in quantities as specified in the contract or purchase order (see 6.2), shall be packed in a snug-fitting fiberboard box in compliance with the rules and regulations applicable to the mode of transportation.

5.2.1 Special navy pack. When specified (see 6.2), writing pads packaged as specified in 5.1, shall be packed in the quantities as specified in table IV, in unused fiberboard boxes conforming to PPP-B-1163, style RSC, type SW, grade 275. Each container shall be closed, sealed and reinforced in accordance with FED. STD. No. 224.

TABLE IV. Packaging and packing

Size	Number of pads per package	Number of packages per shipping container
3 x 5	24	18
5 x 8	12	12
8 1/2 x 11	12	6
8 1/2 x 14	12	6
17 x 22	1	20
27 x 34	—	8

6.5 Definitions.

6.5.1 Postconsumer material is any of the following materials:

Paper, paperboard, and fibrous wastes from retail stores, office buildings, homes, and so forth, after they have passed through their end usage as a consumer item, including: Used corrugated boxes, old newspapers, old magazines, mixed waste paper, tabulating cards, and used cordage. All paper, paperboard, and fibrous wastes that enter and are collected from municipal solid waste.

6.5.2 Waste paper is any of the following materials:

- (1) Postconsumer material and
- (2) Manufacturing, forest residues, and other wastes such as:
 Dry paper and paperboard waste generated after completion of the papermaking process (that is, those manufacturing operations up to and including the cutting and trimming of the paper machine reel into smaller rolls or rough sheets) including: Envelope cuttings, bindery trimmings, and other paper and paperboard waste, resulting from printing, cutting, forming, and other converting operations; bag, box, and carton manufacturing wastes; and butt rolls, mill wrappers, and rejected unused stock. And finished paper and paperboard from obsolete inventories of paper and paperboard manufacturers, merchants, wholesalers, dealers, printers, converters, or others.

MILITARY INTERESTS:

PREPARING ACTIVITY:

NOTE: DoD has waived coordination on revisions and amendments to this federal specification until further notice. GSA - FSS

[METRIC]
A-A-2892
November 16, 1994

COMMERCIAL ITEM DESCRIPTION

PAD, WRITING

The General Services Administration has authorized the use of this commercial item description for all Federal Agencies.

1. Scope. This description covers writing pads in three sizes.

2. Salient Characteristics.

2.1 Material. The paper shall be white and made from not less than 95% bleached chemical pulp.

2.2 Workmanship. All edges of the paper shall be smoothly and evenly cut. Paper shall be free from holes, tears, wrinkles, dirt, foreign matter, or other defects.

2.3 Physical Requirements of Paper

Table I

Characteristic	Requirement	Tappi Test Method
Basic Weight avg. g/m ² (lbs, 17x22-500) +/- 5%	60 (16)	T410
Bursting strength, kpa avg.-min. (psi)	83 (12)	T807
Thickness, mm, +/- 0.012mm (inch, +/- 0.0005 inch)	0.07 (0.0030)	T411
Opacity, percent, min.	75	T425

2.3.1 Writing quality. Paper shall be sufficiently sized to accept fountain pen ink writing without feathering or ink penetration through to the opposite side of the sheet when tested as follows. Draw several lines and characters on both surfaces of the paper with a medium point (commercial type) fountain pen using a one (1) percent aqueous solution of either C.I. Acid Red 1 (Color Index No. 18050) or C.I. Acid Green 3 (Color Index No. 42085). To be considered satisfactory, the lines and characters shall not feather or penetrate through to the opposite side of the paper. Both surfaces of the pad paper shall be sized or otherwise processed to provide good erasability. Good erasability of the paper surface shall be determined as follows. Draw several lines and characters with a No. 2 1/2 lead pencil and erase with a latex rubber eraser; on the same area, redraw pencil lines or characters and erase. The tested area shall not show smearing of the pencil lines, or failure of the paper fiber.

Beneficial comments, recommendations, additions, deletions, clarifications, etc. and any data which may improve this document should be sent to General Services Administration Federal Supply Service, Engineering Branch, 26 Federal Plaza New York, N.Y. 10278.

FSC 7530

ATTACHMENT 2

A-A-2892

2.3.2 Color. The pad sheets shall be white, and all the same color.

2.4 Backing. The pad backing shall be chipboard or other suitable paperboard which shall conform to Table II.

Table II

Characteristic	Requirement	Tappi Test Method
Thickness, min., mm (inch)	0.48 (0.020)	T411
Bursting strength, avg. min. kpa (psi)	345 (50)	T807

2.5 Size. The pads shall be 7.6 X 12.7 cm (3x5 inch), 12.7 x 20.3 cm (5x8 inch), or 21.6 x 27.9 cm (8 1/2 x 11 inch) as specified in the ordering data. A tolerance of +/-0.3 cm (+/- 1/8 inch) in each direction shall be permitted. The first dimension given is the horizontal dimension.

2.6 Rulings. The sheets shall be ruled or unruled, as specified. Sizes 7.6 x 12.7 cm (3x5 inch) and 12.7 x 20.3 cm (5x8 inch) shall be unruled. Size 21.6 x 27.9 cm (8 1/2x11 inch) shall be unruled, ruled one side or ruled two sides, as specified in the ordering data.

When specified, rulings shall conform to the following spacings:

For 21.6 x 27.9 cm (8 1/2x11 inch) pads: Lines shall be spaced 0.8 cm (5/16 inch) apart with a tolerance of +/- 0.1 cm (+/- 1/16 inch). The first line shall begin 3.5 cm (1 3/8 inch), plus 0.4 cm (3/16 inch) or minus 0.8 cm (1/8 inch), from top edge of the paper. The unlined portion of the front and back sides of the sheet shall be located at the binding end of the sheet.

2.7 Ink. The ruling ink shall be blue color, continuous and uniform without waviness or feathering of the lines.

2.8 Assembly of pads. Not less than one hundred sheets of paper and a backing sheet of equal size, +/- 0.1 cm (+/- 1/16 inch) shall be securely fastened together along the top edge (horizontal dimension). Pads shall be fastened with a hot melt plastic resin material, or a cold water resistant, padding compound material, or an adhesive binding material with cheesecloth strip, at the option of the contractor, unless otherwise specified. Pads ruled on one side only shall be assembled with the ruled side uppermost.

2.8.1 Punching. When required, shall be punched as specified in the ordering data.

2.9 Padding strength. Hold the pad to be tested in a stationary, vertical position with the padded edge down. While holding the backing, allow the sheet pad to naturally fall until it hangs supported by the padding. While performing this test, do not twist or jerk the backing. Repeat the test three additional times. The pads of sheets shall not become detached from the pad backing nor separated for more than one inch along the padded edge.

2.10 Binding quality and strength. Remove five (5) sheets, one sheet at a time, from the pad. Examine the torn edge of the sheets. The edge shall not be ripped with ragged edges but shall have a clean and straight edge. Sheets shall be able to be removed with reasonable effort. Fold at least five (5) sheets over and under the pad and press the fold slightly. Examine the sheets and binding at the fold. The sheets shall not break, split, or separate from the binding of the pad.

3. Bleaching. To obtain an acceptable brightness a chemical bleaching process may be used. When specified in the ordering data, the bleaching process shall not include the use of chlorine, chlorine dioxide, hypochlorite, or other chlorine containing compound. Certification of compliance shall be made available upon request by the Government.

4. Regulatory Requirements. The contractor shall certify that the minimum content standard shall be no less than 50% recovered materials including 20% postconsumer materials in accordance with Executive Order 12873, section 504 (b), dated October 20, 1993 (See definition of postconsumer materials and recovered materials in sections 203 and 205). As an alternative to meeting the standards of section 504(b) for all printing and writing papers, the minimum content standard shall be no less than 50% recovered materials that are a waste material byproduct of a finished product other than a paper or textile product which would otherwise be disposed of in a landfill, as determined by the State in which the facility is located, in accordance with Executive Order 12873, section 504 (c), dated October 20, 1993. The pad backing offered shall include a minimum of 90% postconsumer recovered materials, in accordance with CFR 40 Part 250. The Government reserves the right to require proof of such conformance prior to first delivery and thereafter as may be otherwise provided for under the provisions of the contract.

4.1 Labeling. The recycled content shall be marked on the product or unit pack.

5. Quality Assurance Provisions.

5.1 Inspection.

5.1.1 Contractor Certification. The contractor shall certify and maintain substantiating evidence that the product offered meets the salient characteristics of this Commercial Item Description, and that the product conforms to the producer's own drawings, specifications, standards, and quality assurance practices. The government reserves the right to require proof of such conformance prior to first delivery and thereafter as may be otherwise provided for under the provisions of the contract.

5.1.2 Responsibility for Inspection. Unless otherwise specified in the contract or purchase order, the contractor is responsible for the performance of all the inspection requirements as specified herein. Except as otherwise specified, the contractor may utilize his own facilities or any other facilities suitable for the performance of the inspection requirements specified herein, unless disapproved by the Government.

Sampling for examination and tests shall be performed in accordance with MIL-STD-105, using the plans specified in Table III, unless otherwise stated. For the purposes of sampling for end item testing, a lot shall consist of pads submitted for inspection at one time. Unless otherwise specified, the sample unit shall be one pad. Unless otherwise specified, every lot shall be tested. There shall be no failures to meet requirements.

A-A-2892

Table III

Examine	Inspection Level	AQL (% defect)/ acceptance
Workmanship/general	S-3	4.0
Dimensions/assembly	S-4	2.5
Physical Requirements	S-2 (1)	2.5 (1)

(1) Tappi tests shall be in accordance with Tappi T400 for the applicable Tappi test methods.

6. Packaging, Packing, and Marking. Packaging, packing and marking shall be as specified in the contract or order.

7. Applicable Documents and Document Sources. The following documents form a part of the Commercial Item Description to the extent specified herein. Unless otherwise indicated, the issue in effect on the date of invitation for bids or request for proposal shall apply:

(1) Tappi Standards are available from the Technical Association of the Pulp and Paper Industry, P.O. Box 108113, Atlanta, GA 30348.

(2) MIL-STD-105 is available from Standardization Documents Order Desk, Bldg. 4D, 700 Robbins Ave., Philadelphia, PA 19111-5094.

(3) Executive Order 12873 is available from The White House Publications Office, New Executive Office Building, White House, Att: Publications, Washington, D.C. 20500. Phone (202) 395-7832.

(4) The Code of Federal Regulations, Title 40, Protection of Environment, Part 250 may be purchased from the Government Printing Office, Washington, D.C. 20402. Phone (202) 783-3238. When ordering, ask for: Title 40, Parts 190-250; Stock Number: 869-013-00-146-0.

(5) Copies of Commercial Item Descriptions, federal standards or specifications are available from: Federal Supply Service Bureau, Specification Section (3FPB-W), Suite 8100, 470 East L'Enfant Plaza, SW, Washington, DC 20407.

8. Ordering Data. Purchasers should select the preferred options permitted herein, and include the following information in procurement documents:

1. Title, number and date of the Commercial Item Description
2. Size
3. Ruled or unruled
4. Punching, if required
5. If non-chlorine bleaching is required
6. Packaging, packing and marking

MILITARY INTEREST:

NONE: DOD has no registered interest in revisions and amendments to this Commercial Item Description until further notice.

PREPARING ACTIVITY:

GSA-FSS

FSC 7530

Writing Paper

WRITING (TABLET GRADE)

(w/postconsumer recovered material content)¹

JCP D15

July 1, 1994

Use Information: This paragraph is informational only and is not exclusively definitive of the end use.

For one side offset printing. Generally, for use on open forms, including multiple copies, one side only, scratch paper, and note pads. Printed matter may include text, line and ruled forms.

Stock: Groundwood pulp, not to exceed 1 pct.

Note:¹ Not less than 10 pct postconsumer fiber. Any percent over 10 percentage points is encouraged, provided that the requirements of this Standard are met.

Grammage (g/m²) 60
Basis weight: 17 by 22 inches, 500 sheets (pounds) 16
 A tolerance of ± 2 pct shall be allowed.

Folding endurance: Average, each direction, not less than—
 M.T. (double folds) 8
 Schopper (double folds) 16

Opacity: Average, not less than (percent) 75

Thickness: Average (mm) 0.075
 Equivalent (inch) 0.0030
 A tolerance of ± 0.013 mm (0.0005 inch) shall be allowed.

Paper shall be uniform and shall not vary more than 0.011 mm (0.0004 inch) from one edge to the other.

Ruling and writing qualities: Lines ruled and characters written with ball point and felt pens shall be clear cut and free from excessive feathering.

General appearance: Paper shall conform to the standard sample(s) as adopted by the Joint Committee on Printing (JCP).

Color: The paper in the order (or publication) shall be uniform; the color variation permitted is DE(CIELAB)=1.0; and the brightness shall be not less than 79 pct.

Finish and formation: Shall be uniform

Cleanliness: The dirt count for each side of the paper shall not exceed 650 specks per square meter. No sample sheet (500 to 650 cm² in size) shall contain more than one defect with an equivalent area of 0.25 mm² or greater.

Sampling and testing: Shall be conducted in accordance with standards in Part 2, Government Paper Specification Standards.

Unless otherwise specified, the following is automatically waived when printing or duplicating is to be accomplished on commercial contract

Sizing: Paper shall be surface- and internal-sized suitable for satisfactory printing on top side of the paper on high-speed offset presses equipped with either conventional or alcohol dampening systems.

Color: Shall match the government's standard sample for color. A deviation of DE(CIELAB)=0.5 from the color standard is allowed.

For information only, the CIELAB values (D50 Illuminant, 2° observer) of the color standard adopted by the JCP are

$L^* = 52.5$

$a^* = -1.4$

$b^* = 7.3$

Curl: Paper shall lie flat with either no tendency to curl or with a curl which can be overcome under reasonable working conditions.

Size and trim: Sheets: Paper shall be furnished in the size(s) ordered and shall be flat, trimmed square on four sides with clean smooth edges, and evenly jogged. A tolerance of ± 2 mm ($\frac{1}{8}$ inch) shall be allowed except for sheets 216 by 356 mm (8½ by 14 inches) or less; then a tolerance of ± 1 mm ($\frac{1}{16}$ inch) shall be allowed. Successive sheets within any package shall not differ from each other by more than 0.5 mm ($\frac{1}{32}$ inch). Paper with the long dimension 813 mm (32 inches) or less shall be considered square if the variation does not exceed 2 mm ($\frac{1}{16}$ inch); over 813 mm (32 inches); 2 mm ($\frac{1}{16}$ inch).

Grain: Direction of the grain on flat paper shall be as ordered.

Pressroom conditions: The bulk of this paper will be used in air-conditioned pressrooms maintained at 24 °C $\pm$ 2 °C and 45 pct $\pm$ 5 pct relative humidity.

¹ After 12/31/94, minimum content standard will be 20% postconsumer (PC) recovered material and after 12/31/98, 30% PC.

U.S. GENERAL SERVICES ADMINISTRATION



FY 2000

**CONGRESSIONAL
JUSTIFICATIONS**

**GENERAL SERVICES ADMINISTRATION
FY 2000 CONGRESSIONAL JUSTIFICATION**

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General Services Administration FY 2000 BUDGET SUMMARY AND HIGHLIGHTS

INTRODUCTION:

The General Services Administration (GSA) was established by the Federal Property and Administrative Services Act of 1949.

Its mission is to provide policy leadership and expertly managed space, products, services and solutions, at the best value, to enable Federal employees to accomplish their missions. We believe that no other organization in the public or private sector can bring to bear as much experience, knowledge, and range of capability as GSA can in ensuring high performance in Federal work environments.

The agency has dual policy and operational roles in accomplishing four major goals: promote responsible asset management; compete effectively in the Federal market; excel at customer service; and anticipate future workplace needs.

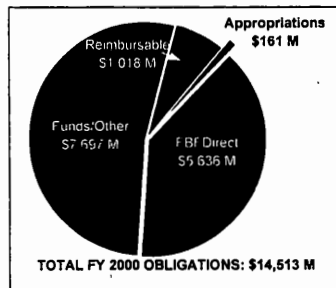
GSA is organized into three Services, the Office of Governmentwide Policy, and various staff offices that provide support to them. Geographically, operations are conducted through 11 regional offices throughout the country.

BUDGET TOTALS AND SOURCES

Measured in obligations, GSA's FY 2000 budget estimate totals over \$14.5 billion for programs under agency accounts. Most of GSA's budget comes from customers through reimbursements, revolving funds for purchase of goods and services, or as rent paid for space in GSA-owned and leased buildings.

Congress is asked to appropriate only \$161 million for GSA direct funded operations, about 1% of total funds.

The balance is for customer requested and funded work, and the Federal Buildings Fund (FBF) real property program. Congress also annually authorizes how GSA may apply its available FBF revenues (new obligational authority in annual appropriations acts).



The table on the following page shows by account the total GSA budget program, as well as the parts requiring congressional action.

BUDGET HIGHLIGHTS AND TRENDS

Annual operating appropriations in FY 2000 show a small decrease from FY 1999 levels, due to the effects of one-time expenditures in FY 1999 in the Policy and Operations account, primarily for Year 2000 (Y2K) emergency programs. This was offset by a \$10 million increase for an initiative for information technology for the disabled. Please see the waterfall table on page 3 of this section for details on changes to appropriations.

General Services Administration FY 2000 BUDGET SUMMARY AND HIGHLIGHTS

THE FY 2000 BUDGET IN SUMMARY

DOLLARS IN THOUSANDS:	FY 1998 Actual	FY 1999 Current	FY 2000 Budget
<u>OBLIGATIONS</u>			
Operating Appropriations - Direct	144,191	170,934	160,938
Federal Buildings Fund - Direct	5,005,195	6,067,460	5,635,728
Reimbursable programs	920,224	986,721	1,018,123
Land Acquisition and Development Fund	171,906	0	0
General Supply Fund	3,264,680	3,355,840	3,332,828
Information Technology Fund	4,075,132	3,981,413	4,068,670
Working Capital Fund	219,488	273,537	275,490
Consumer Info. Center Fund (excludes appns)	3,610	3,700	3,667
Pennsylvania Avenue Activities	2,428	0	0
Real Property Relocation	1,267	11,000	0
Permanent Indefinite Appropriations	14,951	16,699	18,364
TOTAL OBLIGATIONS	\$ 13,823,072	\$ 14,867,304	\$ 14,513,808
<u>REQUIRING APPROPRIATIONS COMMITTEE ACTION</u>			
<u>Operating Appropriations:</u>¹			
Salaries & Expenses, Policy and Operations	106,197	134,062	122,158
Consumer Information Center	2,409	2,619	2,622
Office of Inspector General	33,549	32,012	33,917
Allowances, Former Presidents	2,036	2,241	2,241
Budget Authority/Appropriations	\$ 144,191	\$ 170,934	\$ 160,938
<u>Federal Buildings Fund New Obligational Authority:</u>²			
Construction & Acquisition of Facilities	50	492,190	102,194
Repairs and Alterations	238,658	673,031	664,869
Installment Acquisition Payments	172,171	215,764	205,668
Rental of Space	2,566,893	2,668,761	2,782,186
Building Operations	1,334,915	1,554,772	1,590,183
Authority for prior-year activities/projects	634,366	0	0
Total New Obligational Authority (NOA)	\$ 4,947,053	\$ 5,604,518	\$ 5,345,100

¹ The CIC is funded under the HUD/VA bill; all else is in the Treasury & General Government bill.

² FBF NOA amounts are the NEW authority enacted/requested each year; accounts are no-year, and obligations in any year include some or all of the new authority plus prior-year unobligated balances

General Services Administration FY 2000 BUDGET SUMMARY AND HIGHLIGHTS

WATERFALL TABLE
Changes in Appropriated Accounts¹
\$(Thousands)

	Policy and Operations	Inspector General	Former Presidents	Total
FY 1999	134,062	32,012	2,241	168,315
Y2K Funds (One-time)	-17,468			-17,468
Protect & Maint - Lorton	-4,242			-4,242
Digital Learning Tech Project	-3,000			-3,000
Disposal - Racine	-100			-100
Transfer Acquisition Policy Support	-2,104			-2,104
Protect & Maint - Governors Island	3,000			3,000
Electronic Commerce Infrastructure	1,710			1,710
Surplus Computers for Learning	300			300
Disability Tech. Access Program	10,000			10,000
Pay Raise		900		900
New Hires		600		600
Inflation		300		300
Computer Maint. & Support		117		117
No-Year Authority		-12		-12
FY 2000	122,158²	33,917	2,241	158,316

¹ TPO Committee action only, excludes CIC
² Increased salary and other costs of \$3,073 thousand absorbed in base level.

FEDERAL BUILDINGS FUND New Obligational Authority

2000 Construction and Acquisition of Facilities (NOA)	
\$(Millions)	
Various, Non-Prospectus Construction	\$10.0
New York, NY, US Mission to the UN	4.3
Roosville, MT, Border Station	.7
Fort Hancock, TX, Border Station	.3
Sweetgrass, MT, Border Station	11.5
Oroville, WA, Border Station	11.2
Sault St. Marie, MI, Border Station	8.3
Montgomery Co., MD, FDA Consolidation	55.9
TOTAL	\$102.2

General Services Administration

FY 2000 BUDGET SUMMARY AND HIGHLIGHTS

FEDERAL BUILDINGS FUND (Cont'd):

2000 REPAIRS AND ALTERATIONS (NOA)					
<i>In Priority Order</i>					
<i>\$(Millions)</i>					
	FY 2000 Budget Request				
	Estimated Total Cost	Design	Constr.	M&I	TOTAL
Basic Non-Prospectus R&A Projects	\$ 350.0	\$ 30.8	\$ 296.3	\$ 22.9	\$ 350.0
Major R&A Construction Projects	554.4	2.5	184.5	14.0	201.0
Washington, DC, Justice Ph 2	150.1	0	44.3	2.9	47.2
Washington, DC, State Ph 2	107.2	0	9.8	.7	10.5
Woodlawn, MD, SSA Annex	27.6	.1	23.9	1.9	25.9
Montgomery, AL, FB-CT	12.6	0	10.6	1.0	11.6
Albuquerque, NM, Chavez FB 500 Gold	9.3	0	7.8	.7	8.5
Sacramento, CA, Moss FB-CT	7.9	.7	6.7	.5	7.9
Ft. Snelling, MN, Whipple FB	11.7	.2	10.1	7	11.0
Washington, DC, Interior Ph 1	146.2	1.1	0	0	1.1
Baltimore, MD, Metro West Bldg (Façade)	38.7	0	34.1	2.6	36.7
Cleveland, OH, Celebrezze FB	7.8	0	6.7	5	7.2
Anchorage, AK, FB-CT, Annex	22.5	.1	19.7	1.3	21.1
Menlo Park, CA, USGS Bldg 1	7.2	1	6.0	.7	6.8
Menlo Park, CA, USGS Bldg 2	5.6	.2	4.6	5	5.3
Chlorofluorocarbons Program (various)	731.6	.2	19.2	.6	20.0
Energy Program (various)	305.2	.2	19.2	.6	20.0
Elevator Program	24.2	0	24.2	0	24.2
Glass Fragment Retention	66.0	0	32.0	0	32.0
R&A Design Projects:	251.7	17.7	0	0	17.7
Chicago, IL, 536 Clark St.	24.0	1.4	0	0	1.4
Jacksonville, FL, Bennett FB	25.5	1.9	0	0	1.9
Kansas City, MO, 8930 Ward Parkway	9.8	.8	0	0	.8
Phoenix, AZ, FB-CT	17.7	1.4	0	0	1.4
Detroit, MI, McNamara FB	28.2	1.7	0	0	1.7
Las Vegas, NV, Foley FB-CT	20.5	1.4	0	0	1.4
Lakewood, CO, DFC, Bldg 67	7.3	.7	0	0	.7
Baltimore, MD, Fallon FB	14.4	1.1	0	0	1.1
Seattle, WA, Jackson FB	26.4	1.7	0	0	1.7
Portsmouth, NH, McIntyre FB	10.1	.8	0	0	.8
Des Moines, IA, FB	12.6	1.0	0	0	1.0
Dallas, TX, Cabell FB-CT & Santa Fe FB	16.6	1.4	0	0	1.4
Washington, DC, Switzer FB	38.6	2.4	0	0	2.4
TOTAL REPAIRS AND ALTERATIONS	\$ 2,283.1	\$ 51.4	\$ 575.4	\$ 38.0	\$ 664.9

NOTE: This table will not add due to rounding.

General Services Administration FY 2000 BUDGET SUMMARY AND HIGHLIGHTS

FEDERAL BUILDINGS FUND (Cont'd):

WATERFALL TABLE Changes in Other FBF NOA \$(Thousands)

	Installment Acquisition Payments	Rental of Space	Building Operations
FY 1999	215,764	2,690,607	1,554,772
Increase in Capitalized Interest Payments	870		
Decrease in Interest Payments	-5,373		
Annualization of FY 1999 Program		37,284	
Expansions		18,468	
Cancellations		-37,271	
Rental Increases		57,709	
Net Change to Lump Sum Payments		15,389	
Wageboard/Pay Act Increase (4.4%), eff. Jan 2000			14,526
Annualization of FY 1999 Pay Act, eff. Jan 1999			4,297
Inflation			23,427
Building Services in New Space			18,177
Program Adjustments and Cost Savings			-22,420
Indirect Cost Reduction Initiative (2.5%)			-2,596
FY 2000	211,261	2,782,166	1,590,183

General Services Administration FY 2000 BUDGET SUMMARY AND HIGHLIGHTS

BUDGET HIGHLIGHTS AND TRENDS (Cont'd):

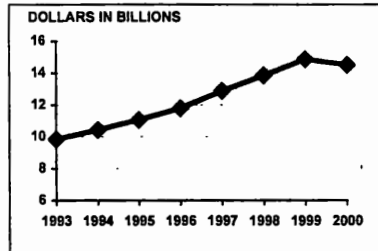
The budget supports 14,150 FTE in FY 2000. This is a decrease of 6,098 FTE, or 30.1%, since FY 1993, the greatest percentage reduction of any large executive branch agency.

The budget proposes \$102 million for new construction projects in FY 2000. \$665 million is also being requested for repairs and alterations projects. See the tables on pages 3 and 4 of this section for project lists. Both programs are described in detail later, in the Federal Buildings Fund section.

The agency continues to emphasize its policy role under the Office of Governmentwide Policy, created in FY 1996.

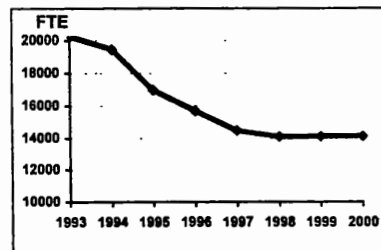
In its operations, GSA has moved from being a mandatory source to being a provider of choice, and is competing for customer purchases of supplies, fleet services, information technology services and, increasingly, real property services.

GSA's "business volume" (expressed as total obligations) has steadily grown, reflecting delivery of increased goods and services to Federal customers. During the 8-year period shown in the following chart, obligations increased over 47%.



Over the same period, GSA has significantly streamlined and reduced its workforce.

Compared to FY 1993, the baseline for recent employment reduction goals, GSA's FY 2000 level has decreased over 30%. All of this has been achieved without adverse action through hiring freezes/attrition and 4,391 voluntary separations under "buyout" authority.

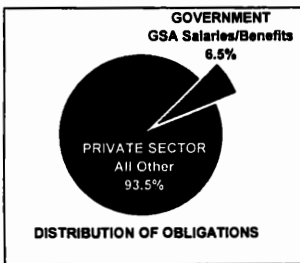


General Services Administration FY 2000 BUDGET SUMMARY AND HIGHLIGHTS

OTHER PERSPECTIVES

GSA's budget and programs have a very large sphere of influence in both the public and private sectors.

GSA contracts with the private sector to meet agency needs. Of the \$14.5 billion budgeted in FY 2000, only \$945 million is for salaries and benefits of GSA personnel, about 6.5%.



The rest is for commercially-purchased supplies, services, commercial rent payment, equipment, communications and utilities, and the like.

In total, GSA actually affects almost \$59 billion in financial transactions throughout the Government. This includes its own funds and the value of contractual and other vehicles it puts in place for all agencies to use. See the table on "Government Financial Transactions Affected by GSA" on the following page.

MAINTAINING THE MOMENTUM

The FY 2000 budget program seeks to maintain and build upon GSA's contributions toward making the Federal sector work better and cost less.

In addition to Construction and Repairs and Alterations projects, which are listed in detail in the next section of this summary, some initiatives in GSA's Public Buildings Service (PBS) include:

- Reduce vacant available leased space by 700 thousand square feet, about 20%, saving more than \$11 million.
- Allocate \$125 million to reconfigure Government owned space to increase occupiable space by 3.8 million square feet.
- Set rent rates for customers comparable to market rents paid by PBS.
- Identify and separately charge for recurring security costs as part of tenant rent billing.
- Seek enhanced reprogramming authority between Rental of Space and Building Operations activities to provide greater flexibility to respond to customer requirements.
- An advance appropriation of \$163.5 million to the Federal Buildings Fund, to become available in fiscal year 2001. \$80.5 million of this amount is for construction of the Food and Drug Administration consolidation in Montgomery County, Maryland; \$83.0 million is for construction of a new Bureau of Alcohol, Tobacco and Firearms headquarters.

General Services Administration FY 2000 BUDGET SUMMARY AND HIGHLIGHTS

Government Financial Transactions Affected by GSA \$(Thousands)			
	FY 1998 Actual	FY 1999 Estimate	FY 2000 Estimate
ACTIVITIES UNDER GSA ACCOUNTS:			
Budgeted Obligations	13,823,072	14,867,304	14,513,808
Unoblig. Bal. of Approved Const/R&A Program	1,526,311	1,175,000	890,000
Subtotal	15,349,383	16,042,304	15,403,808
FUNDS THAT GSA COLLECTS:			
Transportation Overcharge Collections	17,968	13,500	13,500
Surplus Real Property Sales Proceeds	249,300	285,500	246,500
Surplus Personal Prop Sales Proceeds (gross)	115,576	107,825	102,255
Outlease of Govt-Owned Space	2,927	1,369	1,560
Energy Rebates and Recycling Receipts	703	645	600
Subtotal	386,474	408,839	364,415
MECHANISMS PUT IN PLACE BY GSA (REVENUES):			
Travel Management Center Rebates (note 1)	8,600	**	**
Travel Charge Card Rebates (note 2)	21,398	***	***
IMPAC Charge Card Rebates (note 2)	9,824	***	***
GSA SmartPay (note 3)	N/A	39,822	39,822
Subtotal (note 4)	39,822	39,822	39,822
MECHANISMS PUT IN PLACE BY GSA (EXPENSES):			
Multiple, Single, Service Schedules (Supply)	3,188,390	4,070,000	4,638,400
Multiple Awards Schedules (ADP)	4,487,289	6,100,000	6,801,500
Purchase of Telecomm. Services (POTS)	21,950	28,130	29,255
Major Info. System Acquisition/Seat Management	305,000	387,000	445,000
Telecommunications Enhancement Contracts	21,161	62,416	67,586
Freight Transportation Services (HHG and STOS)	137,000	139,500	142,000
Travel Management Charge Card (note 2 & note 5)	3,854,837	***	***
IMPAC Charge Card (note 2)	7,960,819	***	***
GSA SmartPay (note 2)	N/A	14,188,590	14,664,853
Fuel Credit Card	199,200	225,200	257,200
Real Estate Schedules	2,000	2,000	2,000
Subtotal	20,177,646	25,202,836	27,047,794
COST AVOIDANCES DUE TO GSA PROGRAMS:			
Real Property Utilization Transfers	2,500	30,200	22,500
Personal Property Utilization/Donations	1,776,900	1,832,200	1,587,300
Real Property Donations	90,300	105,400	106,000
Value of CIC Pub Svc Media Donations	11,500	11,500	11,500
Subtotal	1,881,200	1,979,300	1,727,300
GSA DELEGATED AUTHORITIES:			
Real Prop. Disposal (DOD) (note 6)	12,000,000	12,000,000	12,000,000
Buildings Delegations (note 7)	216,624	227,284	231,761
Supply Schedules - Dept Veterans Affairs	1,970,958	1,940,958	1,999,000
Subtotal	14,187,582	14,168,242	14,230,761
TOTAL GSA-RELATED FINANCIAL TRANSACTIONS	52,022,107	57,841,343	58,813,900
Note 1: In Sept. 1997, the airline reduced the commission rate paid to travel agents from 10% to 8%. Rebates, if offered, will decline significantly as travel agents price their services in an environment of changing airline commission structures. Note 2: GSA SmartPay contracts effective Nov. 1998, includes Purchase, Travel, Fleet cards and Airline City pairs volumes Note 3: GSA SmartPay contracts have various point sales refunds available (min. 6 BP, 4 of which go to GSA for IFF) Note 4: Airline City Pairs flow through the Travel Management Card Program (Total Travel Program is \$3,854,837, approximately \$1,200,000 is City Pairs). Note 5: Straight-line estimate of subtotals due to conversion to new SmartPay program. Note 6: Est. sales value of properties under DOD Base Closures; GSA delegates its disposal authorities to DOD. Note 7: Est. rent payments transferred to delegate agencies that are responsible for lease management as prescribed in the delegation agreements (usually single-tenant buildings).			

General Services Administration FY 2000 BUDGET SUMMARY AND HIGHLIGHTS

MAINTAINING THE MOMENTUM (Cont'd)

GSA offers improved non-mandatory real property services, which permits our customers to choose their leasing and space alterations providers from GSA, other public, or private sources.

PBS is working to expand its private sector benchmarking efforts. Operating costs for office space, for example, are targeted at maintaining a rate 11% below private sector costs.

We have simplified and expanded the use of multiple award schedules and blanket purchase agreements to further streamline the acquisition process, and the President, Vice President, and Department of Defense have endorsed the use of GSA's schedules.

GSA gets great deals for the Government by leveraging vendor-competitiveness and the size of the Federal market to contract for top quality goods and services at a discount. For example:

- The Contract Airline City-Pair program offers Federal travelers unrestricted discount fares on over 6,000 routes that yield \$2.5 billion in annual savings.
- Overnight package delivery is priced 45% lower than comparable corporate rates, with a money-back guarantee for late delivery.
- Negotiated agreements with motor carriers on freight shipments result in charges to Federal customers 45% to 47% less than regular tariff rates.

- Vehicle fleet services are the most cost-effective anywhere, with 4-door compact sedan acquisitions providing an average of 19% savings compared to commercial "Black Book" prices.

- Under the new FTS2001 contracts, long distance telecommunications service, which will be non-mandatory, will start at about 4 cents per minute and drop to as low as 1 cent a minute by the end of the contract.

GSA maintains and disposes of surplus Federal property, producing \$249.3 million in proceeds in FY 1998, at significant savings to our customers.

- \$10 million is requested for protection and maintenance of Governor's Island, New York, an increase of \$3 million over FY 1999; and about \$2.8 million is requested for protection and maintenance of the Lorton Correctional Complex.

The Personal Property Utilization and Donation program achieved savings of \$1.1 billion in FY 1998.

To expand and promote electronic commerce, GSA made over 500,000 products available on-line through its *GSA Advantage!* Internet-based ordering system. All 4 million commercial products and services will soon be offered.

GSA continues to be a leader in implementation and use of electronic commerce (EC), working toward governmentwide standardization of EC policies and practices. \$1.7 million is being made available in FY 2000 to support the

General Services Administration

FY 2000 BUDGET SUMMARY AND HIGHLIGHTS

MAINTAINING THE MOMENTUM (Cont'd)

development of EC infrastructure to provide an interoperable, single face for government electronic business transactions.

Unlike most Government entities, GSA produces comprehensive annual reports and audited financial statements. We expect to earn an unqualified audit opinion from an independent public accounting firm in FY 1998, for the eleventh consecutive year, unprecedented among Federal agencies.

The agency's programs often involve meeting broad societal goals and improving the quality of life for Federal employees.

- GSA is a leader in family-friendly workplaces. We opened four new on-site child care centers in FY 1998, and now manage 112 Federal child care facilities, serving more than 7,200 children. Seventy percent of our centers are accredited, compared to five percent for all childcare centers nationwide. We also continue to seek new ways to make Federal child care more affordable.
- GSA's budget request includes \$10 million for accessible information technology programs, for the President's initiative to promote and support employment of individuals with disabilities.
- GSA will manage the Computers for Learning program website, to aid in the donation of surplus computer equipment to schools and non-profit education groups.
- GSA will continue its *Good Neighbor* program, a partnership with communities that enhances local efforts aimed at maintaining the vitality of American cities. The program uses GSA's authorities in real and personal property to revitalize downtowns and local communities across the country.
- GSA's Federal recycling efforts in approximately 1,100 buildings will result in diversion of about 68,000 tons of recyclable materials away from landfills in FY 2000.
- GSA's energy consumption was reduced by 17% from 1985 to 1998, and will be reduced by an additional 3% by FY 2000. Energy usage in GSA facilities is 39% below the Federal average.
- GSA's fleet experiments with innovative technologies, such as alternative-fuel vehicles (AFVs), led to GSA's induction into the Clean Air Hall of Fame. The agency will purchase over 10,500 AFVs in FY 2000.

General Services Administration FY 2000 BUDGET SUMMARY AND HIGHLIGHTS

GSA'S GENERAL PROVISIONS

Brief explanations of proposed GSA general provisions are listed below, with minor modifications from last year as noted. Several GSA general provisions contained in the FY 1999 Appropriations Act were

deleted, as they were one-time in nature and did not need to be repeated. Several Title VI General Provisions of special interest to GSA are also shown.

GSA General Provisions	
Sec. 401.....	Provides for reimbursement by wholly-owned Government corporations and agencies to GSA for provision of building services, including costs of operations, protection, maintenance, upkeep, repair and improvement, included as part of rentals.
Sec. 402.....	Provides GSA authority for the hire of passenger motor vehicles, to satisfy its requirements for vehicles from other sources when the motor pool system cannot supply the required vehicles.
Sec. 403.....	a) Provides authority for the transfer of funds in the Federal Buildings Fund between the "Rental of Space" and "Building Operations" activities up to 10% of each activity's new obligational authority to meet program requirements. Amounts in excess of 10% may be transferred after advance notice to the Appropriations Committees. b) Provides authority for the transfer of funds in the Federal Buildings Fund between activities as necessary to meet program requirements, provided that Appropriations Committees are notified in advance.
Sec. 404.....	Provides that requests for Courthouse construction must (1) meet the GSA/OMB/ Judicial Conference design guide standards, (2) reflect the Judicial Conference approved 5 year construction plan, and (3) include a standardized courtroom utilization study.
Sec. 405.....	Provides that GSA shall not provide usual building services to agencies that do not pay the assessed rental rate as determined by GSA in compliance with law.
Sec. 406.....	Provides that claims against the Government for less than \$250,000 arising from direct construction and the acquisition of buildings may be liquidated from savings effected in other construction projects provided that the Appropriations Committees are notified in advance.
Sec. 407	Amends Public Law 104-208 to provide for multi-year availability of funds for new construction projects if the project is wholly or partially obligated before Sept. 30, 1999.
Title VI General Provisions (of special interest to GSA)	
Sec. 627.....	Provides for transfer of funds to GSA for Joint Financial Management Improvement Program (JFMIP) administrative costs, not to exceed \$600,000, by participating agencies.
Sec. 628.....	Provides for transfer of funds to GSA for governmentwide financial management, information technology, procurement, and other initiatives, as approved by OMB in consultation with the CFO and CIO Councils, not to exceed \$7,000,000, following notification of the Appropriation Committees.

General Services Administration
FY 2000 BUDGET SUMMARY AND HIGHLIGHTS

OBLIGATIONS SUMMARY
By Object Classification
\$(Thousands)

	1998 Actual	1999 Estimated	2000 Estimated
Personnel Compensation:			
11.1 Full-time permanent	676,118	696,202	721,875
11.3 Other than permanent	11,064	7,359	7,582
11.5 Other personnel compensation	40,182	20,447	21,323
11.8 Special personal service payments	381	384	384
11.9 Total personnel compensation	727,745	724,392	751,164
12.1 Civilian personnel benefits	170,477	181,943	188,978
13.0 Benefits for former personnel	5,163	4,912	5,108
21.0 Travel and transportation of persons	25,211	30,229	31,765
21.0 Motor pool travel	5,868	5,992	6,153
22.0 Transportation of things	62,995	61,918	63,217
23.1 Rental payments to GSA	74,079	74,691	79,118
23.2 Rental payments to others	2,566,730	2,691,007	2,782,186
23.3 Communications, utilities, and misc.	317,202	317,885	318,090
24.0 Printing and reproduction	18,681	23,213	23,992
25.1 Advisory and assistance services	329	339	346
25.2 Other services	5,473,968	6,298,546	5,796,063
25.3 Purchases of goods and services from Government accounts	318,506	371,482	382,180
25.4 Operation and maintenance of facilities	628,973	726,441	773,261
25.7 Operation and maintenance of equipment	42,397	43,537	45,407
26.0 Supplies and materials	2,316,706	2,300,629	2,266,786
31.0 Equipment	606,479	728,118	725,435
32.0 Lands and structures	96,934	81,461	81,804
33.0 Investments and loans	0	39	40
41.0 Grants, subsidies and contributions	763	1,168	44
42.0 Insurance claims and indemnities	137	82	84
43.0 Interest and dividends	357,710	192,961	186,298
90.0 Undistributed (net)	0	0	0
99.9 TOTAL OBLIGATIONS	\$ 13,817,053	\$ 14,860,985	\$ 14,507,519

NOTE: All data exclude the Consumer Information Center, financed under the VA/HUD Appropriations Act; these obligations are (\$000): \$6,019 for FY 1998, \$6,319 for FY 1999, and \$6,289 for FY 2000.

General Services Administration POLICY AND OPERATIONS

MISSION

Under its Policy activity, this appropriation provides for Governmentwide policy, evaluation, and asset management functions associated with real and personal property, supplies, vehicles, aircraft, information technology, electronic commerce, transportation and travel management, acquisition support, Advisory Committee Management, Federal Procurement Data Center, Workplace Initiatives, Regulatory Information Service Center, and the Catalog of Federal Domestic Assistance. The Office of Governmentwide Policy, working cooperatively with other agencies, provides the leadership needed to develop and oversee the implementation of policies designed to achieve the most cost effective solutions for the delivery of administrative services, while reducing regulations and empowering employees.

Under its Operations activity, the account provides for Personal Property Utilization and Donation, Federal Property Utilization Center, Real Property Disposal, and Management and Administration programs. These include utilization of real and personal property by Federal agencies and the transfer among agencies of excess real and personal property; disposal of surplus real property by sale, exchange, lease permit assignment, or transfer, as well as the protection, maintenance, and disposition of excess and surplus property; appraisal of excess and surplus property, necessary environmental and cultural analyses, reuse planning, and real property utilization surveys; Indian Trust Accounting, and administrative support of Congressional District and Senate State Offices.

THE BUDGET IN SUMMARY

The fiscal year 2000 budget request of \$122,158 thousand reflects a net increase of \$5,564 thousand. These changes consists of an increase of \$12,010 thousand for Office of Governmentwide Policy initiatives; an additional \$3,000 thousand for protection and maintenance of Governors Island. These increases are offset by reductions of \$3,000 thousand for digital learning technology projects; \$100 thousand for property disposal activity in Racine, Wisconsin; \$2,104 thousand for internal funding realignments; and net reductions of \$4,242 thousand related to the disposal of the Lorton Correctional Complex. In addition to these changes, increased salary costs and increases in the cost of goods and services totaling \$3,073 thousand are being absorbed within the base level of this account.

The budgetary changes reflected above do not include the impact of \$17,468 thousand transferred to this account in fiscal year 1999 from the Year 2000 Emergency appropriation authorized by P.L. 105-277. Additional transfers under this authority are anticipated during the three year availability of the Emergency appropriation.

General Services Administration POLICY AND OPERATIONS

POLICY

The Office of Governmentwide Policy (OGP) develops and implements Governmentwide policies that seek to maximize opportunities for agencies' utilization of best management practices. OGP programs are intended to increase agencies' effectiveness in the conduct of their programs, encourage innovations and efficiencies, and assure responsible asset management.

The primary program functions of the OGP include policy, planning, and oversight associated with real and personal property asset management, transportation, information technology, acquisition, regulatory information, electronic commerce, and Federal advisory committees.

Real Property

The OGP provides leadership to the Federal community in the use and management of real property. It encourages the adoption of best practices for use by the Federal real estate community. It is responsible for the development, coordination, administration and issuance of Governmentwide real property guidelines, regulations, standards, criteria, policies and asset management principles concerning real property programs. Real property programs include real estate operation and management, acquisition, disposal, design and construction, space standards, delegations, safety and environmental issues, and workplace initiatives including child care, telecommuting and cooperative administrative support units (CASU's). We intend to explore Governmentwide solutions to real property by: (1) collecting and communicating information to Congress concerning the Federal Government's total real property portfolio within the executive branch; (2) providing guidance to other agencies to assist them in the most cost-effective man-

agement of their own individual portfolios; and (3) providing other agencies with a means of obtaining the tools and techniques that are necessary to manage and operate federal assets.

The OGP facilitates public/private information sharing for real property use. Through comprehensive study of space-use standards and best practices in both sectors, the OGP has developed policy recommendations for improving real property management and space utilization across the Federal Government.

Information Technology

OGP's Office of Information Technology plans, develops and directs Governmentwide activities to support the Office of Management and Budget (OMB), inter-agency committees, and other Federal agencies and provides leadership and guidance on the acquisition, management and use of information technology (IT). Specific program activities include: (1) improving the effectiveness of the Government workforce by promoting guidelines and principles for the installation and management of electronically assisted government; (2) providing policy, technical and program development leadership for an accessible technology-augmented work environment for people with disabilities, in support of Public Law 105-220; (3) providing technical support and assistance to Federal, State, local and international governments and the President's Council on Year 2000 Conversion in meeting the Year 2000 challenge; (4) developing and managing interagency programs to improve the management of information technology resources and to increase the efficiency and effectiveness of Government; (5) providing technical and management services to interagency IT groups such as the CIO Council, Government IT Services Board, and IT Resources Board mandated by Ex-

General Services Administration POLICY AND OPERATIONS

ecutive Order 13011; (6) managing professional development programs to assist agencies in successful acquisition, management and use of information technology; and (7) developing, issuing and maintaining policies and regulations for the creation and maintenance of electronic Federal records.

The OGP works with over 70 inter-agency groups, including local, State and other national governments in developing and refining IT related Governmentwide policies. The OGP is leading the effort to resolve intergovernmental IT issues including the G-7 Government On-Line Project, which emphasizes innovation in service delivery to citizens.

Also, the OGP provides full time support and leadership to the President's Council on Year 2000 (Y2K) Conversion and the Chief Information Officer's Committee on Y2K. Support activities include managing and maintaining four Y2K web sites; making arrangements for meetings; facilitating monthly Federal/State Y2K teleconference calls; managing procurement actions; and keeping accountability of Y2K Emergency Funds. A Federal/State Data Exchange Database on Y2K compliance was developed and extensive outreach activities are ongoing.

Transportation and Personal Property

The OGP leads Governmentwide development and evaluation of issues, legislation, policies and objectives relative to travel, transportation and personal property management. Specific responsibilities include: (1) developing policies for Governmentwide freight and household goods transportation, transportation audit and documentation, and mail management programs; (2) developing regulations and procedures governing the management and oversight of Federal agencies' motor vehicles; (3) develop-

ing regulations, policies, and procedures for aircraft procurement, management, operations, safety, utilization and disposal; (4) developing the policies and regulations governing civilian agencies' travel, as well as, per diems (maximum reimbursement levels) for Federal travelers; and (5) developing legislation and regulations governing the management of Federal personal property.

During fiscal year 1998, the OGP began development of state-of-the-art management information systems for vehicles and personal property disposition, and began replacement of the outdated management information system for aircraft. These new systems will help GSA and all Federal agencies measure their performance. The OGP also rewrote the major parts of the Federal Travel Regulation in plain language, streamlined regulations in personal property disposition and aircraft management, and revitalized interagency committees for mail, freight and personal property.

In partnership with agencies that manage vehicles and aircraft, the OGP has developed performance measures that promote effective and efficient fleet management Governmentwide. In addition, the OGP is helping other agencies comply with legislation requiring an increase in the number of alternative-fuel vehicles in their fleets and has automated license plate assignments.

In fiscal year 1996, the OGP issued Governmentwide guidance for the implementation of Executive Order 12999, Educational Technology. In fiscal year 1997 the OGP actively participated in the creation of a Computers for Learning web site that allows Federal agencies to match their available equipment with the needs of schools nationwide. The OGP continues to work closely with the Office of the Vice President, the Department of Energy and the Office of Management and Budget to en-

General Services Administration POLICY AND OPERATIONS

sure that agencies transfer unneeded Federal computer equipment to schools.

Electronic Commerce

The OGP develops Governmentwide policies for the implementation and use of electronic commerce. Specific responsibilities include: ensuring consistent agency implementation of Governmentwide Electronic Commerce (EC) plans; developing policy frameworks to support key EC applications and interoperability; identifying, promoting and leveraging innovative EC practices; and supporting the governmentwide use of commercial EC standards. Two major areas of focus are: (1) co-managing with the Department of Defense, an Electronic Commerce Program Office to monitor and support interagency efforts for the implementation of electronic commerce; and (2) working with other agencies and the commercial sector to develop and promote the use of standardized card technologies leading to a more streamlined, electronic government. A major portion of this effort supports the national Electronic Benefits Transfer (EBT) Program. This program works with States and other Federal Agencies to expand and enhance current EBT systems to deliver Government benefits, such as food stamps, electronically, by 1999.

Another effort OGP is pioneering is the use of the smart card for Federal employees. The card is embedded with a microchip that can be loaded with such information as user identity, account balances and other data. One smart card can enable the user to purchase a wide variety of items, such as computers, telephone calls, and gasoline, leading to further streamlining of Federal acquisition programs.

Acquisition

The OGP's Office of Acquisition Policy supports the Federal acquisition system, through which the Government obligates more than \$200 billion annually. Responsibilities include researching, developing, and publishing policy guidance, providing career development services for the Federal acquisition workforce, including the development of acquisition training programs and materials, as well as, reporting on more than 20 million contract actions. This program area also provides for management of the Acquisition Reform Network (ARNet), an Internet-based storehouse of acquisition information. ARNet serves as the entryway to various databases such as the Federal Acquisition Regulation, the Commerce Business Daily, the List of Parties Excluded from Federal Procurement and Nonprocurement Programs, and electronic catalogs such as GSA Advantage.

Other Governmentwide Policy Responsibilities

The OGP, through the Committee Management Secretariat, plans, develops, evaluates and directs a Governmentwide program for maximizing the value-added role of public participation in Federal decision making.

The Regulatory Information Service Center (RISC) is responsible for compiling and analyzing data on both Governmentwide and agency specific activities in support of the regulatory oversight role of the Executive Office of the President.

The Workplace Initiatives program provides leadership to the Federal community for programs designed to provide Federal employees with a family-friendly, cost effective and accessible workplace. These programs include fostering the development of child care centers; enhancing cooperative

General Services Administration POLICY AND OPERATIONS

administrative support among Federal Agencies; promoting alternative worksite arrangements; and facilitating support mechanisms among Federal agencies, State and local governments, nonprofit organizations, and the private sector to ensure that Federal facilities are accessible to citizens with disabilities.

GSA is a leader in designing and managing quality childcare facilities as well as having a Governmentwide policy role. With the growing demand for affordable quality childcare close to the workplace, GSA opened four on-site childcare centers in fiscal year 1998, bringing the total to 112 facilities serving Federal employees in 68 cities, 31 states and the District of Columbia. Seventy percent of GSA's childcare facilities are professionally accredited, a far higher proportion than the five percent accreditation rate for all childcare centers nationwide. More than 7,200 children are served in GSA's facilities.

Reimbursable Policy Activities

In addition to the appropriated policy activities listed above, the OGP provides related support to Federal agencies and other customers on a cost reimbursable basis. These services include: (1) information technology acquisition and system implementation training to Federal managers through the Trail Boss program; (2) the Information Resources Management Conference, which covers ADP, telecommunications and records management; (3) collection, and dissemination of Governmentwide data through the Federal Procurement Data System, the Federal Assistance Programs Retrieval System, and the Government Information Locator Service; (4) providing procurement support to the D.C. Metropolitan Police Department; and (5) enabling agencies to manage their real property assets more effectively through the Founda-

tion Information for Real Property Management (FIRM).

OPERATIONS

The Operations activity provides for the Real Property Disposal, Personal Property Utilization and Disposal, and Federal Information Center programs. The Operations activity also provides for Management and Administration which includes the internal policy, management, oversight and coordination of all GSA programs by the Administrator, Deputy Administrator, Regional Administrators and the Heads of GSA Staff Offices.

Real Property Disposal

In line with the GSA mission, the Public Buildings Service supports the accomplishments of our customers' programs by providing real property disposal services in a timely and cost effective manner. This program promotes the maximum utilization and efficient redeployment of Federally owned real property through Federal transfers, public benefit discount conveyances and negotiated and public sales. This program receives direct and reimbursable funding. The direct program provides services related to utilization and disposal by sale, exchange, or transfer of surplus real property reported as excess to GSA. The reimbursable program provides similar services for agencies with their own disposal authorities on a fully reimbursable basis. In general, the fiscal year 2000 budget provides for GSA's Real Property Disposal (RPD) program to operate its business function as a national Center of Expertise using a comprehensive Business Plan that integrates strategic and tactical actions along with a Marketing Plan to improve customer satisfaction and quality.

General Services Administration POLICY AND OPERATIONS

The fiscal year 2000 budget will provide for RPD to continue to be the provider of choice for quality, cost-efficient, timely, and expert Federal real property redeployment activities. Additionally, the fiscal year 2000 budget provides \$2,758 thousand for protection and maintenance costs related to GSA acting as the landholding and disposal agency for the Lorton Correctional Complex. This amount represents a net decrease of \$4,242, from the \$7,000 transferred to this account in fiscal year 1999, from funds appropriated for the District of Columbia to support the disposal of this facility.

GSA became responsible for protection and maintenance of the U.S. Coast Guard Support Center, Governors Island, New York in October 1998. The total fiscal year 2000 funding request of \$10,000 thousand, without fiscal year limitation, reflects an increase of \$3,000 thousand over the \$7,000 thousand in annual funding provided in fiscal year 1999. This request is based on information provided by the U. S. Coast Guard which reflects their historical costs and knowledge of the repairs needed to prevent major deterioration of the property prior to its sale in fiscal year 2002, pursuant to legislation.

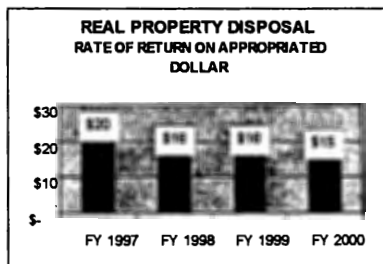
Real Property Disposal Highlights

By reengineering the disposal process and the utilization program, significant time and costs savings to our customers and taxpayers at large were realized resulting in the following direct and reimbursable workload accomplishments. In fiscal year 1998 RPD disposed of 1,597 properties (exceeding the goal by 187%). These properties had a total value of \$342.1 million and produced \$249.3 million in proceeds. Seventeen of these properties, worth \$2.5 million were transferred between Federal agencies and 49 properties with a value of \$90.3 million were conveyed to State and

local governments and eligible non-profit institutions for public benefit purposes.

GSA's RPD is improving operational and programmatic effectiveness and efficiency by establishing an aggressive Customer Outreach and Marketing Program, to ensure superior customer relations with existing customers and to reach new customers. Another GSA Property Disposal initiative is to maintain and continue developing new computer systems (hardware and software, Internet and Intranet) to ensure data accuracy, and the visual display of RPD's homepage of properties offered for sale on the World Wide Web.

GSA's RPD performance measure is the rate of return on an appropriated dollar. This measure provides results of disposal actions already completed by RPD and those projected for the future. The rate of return on an appropriated dollar provides information about how much proceeds are returned to the Treasury for each dollar expended by RPD in the disposal process. This measure will continue to be refined to include a series of ratios and measures of costs and proceeds data that will be activity-based. The results of these activity-based measures will provide information on the efficiencies and effectiveness of the RPD program from an operational and programmatic perspective. The program emphasis is to provide the American taxpayer with the highest rate of return for their investment.



General Services Administration POLICY AND OPERATIONS

GSA makes every effort to achieve the goal of ensuring that the Federal Government receives full value for the sale of real property and produces quarterly results on Actual Sales Value to Fair Market Value. As a competitive service provider, GSA seeks to optimize the use of scarce resources while returning the maximum residual value of real property to the Government.

To support the development of additional performance measures, GSA's RPD organization has developed an Activity Based Cost (ABC) operating system to provide improved information concerning full cost and income of its business activities, projects, and cases. Once the ABC system is fully implemented it will help GSA's RPD organization determine projected resource needs, improve management of operations and costs, and understand full costs of services leading to full cost recovery from customers. The ABC system will provide activity cost information to identify opportunities for cost avoidance and to monitor cost performance goals, and ultimately help RPD make sound strategic and operational decisions.

Federal Information Center

The Federal Information Center (FIC) program is a one-stop source of assistance for people who have questions or problems related to the Federal Government. The FIC's information specialists respond to 2 million public inquiries annually, either by referring callers to an appropriate office or by providing the answers to their questions directly. To help in these responses or referrals, the specialists use a nationwide data base with thousands of contacts of providers of Government and Government-related services. Callers who use either telephones or teletypewriters equipped for the hearing impaired may reach the FIC via a toll-free "800" number.

Personal Property Utilization and Donation Program

GSA is committed to satisfying the Federal Government's requirements for supplies, equipment, and services at the least cost to the taxpayer. The Personal Property Utilization and Donation program supports this commitment. This program makes the most of tax dollars invested in Government-owned personal property by helping avoid outlays for new purchases by transferring one agency's excess to another that can use it, and by donating surplus Federal property to states or localities, again providing taxpayer savings through avoidance of new procurements.

FSS maintains the Federal Disposal System (FEDS) which is an electronic inventory of personal property that is available for utilization and donation that is accessible nationwide through the Internet.

The Personal Property Utilization and Donation program is monitored on a continual basis using the following performance measures:

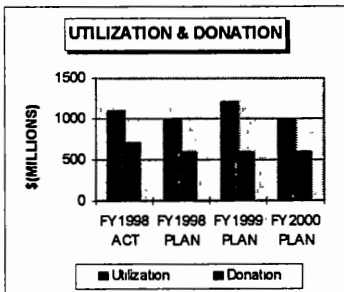
- Purchase price of Property Transferred/Donated compared to Plan
- Transfer cost per \$100 of Transferred Property
- Customer Satisfaction

In fiscal year 1998, the utilization program generated \$1.1 billion in savings for agencies which were able to reuse personal property no longer needed by other Federal agencies. Estimated savings for fiscal years 1999 and 2000 are \$1.2 billion and \$1.0 billion, respectively. Also, during fiscal year 1998 the donation program gave \$0.7 billion in surplus usable property to states for donation to public agencies and certain non-profit tax-exempt activities. FSS is also assisting in the implementation of the President's program to donate computers

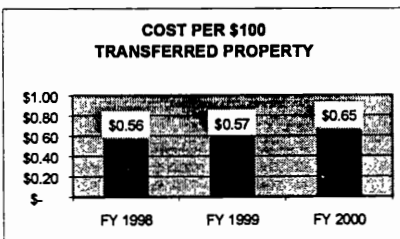
General Services Administration POLICY AND OPERATIONS

to schools. Donations for fiscal years 1999 and 2000 are valued at \$0.6 billion.

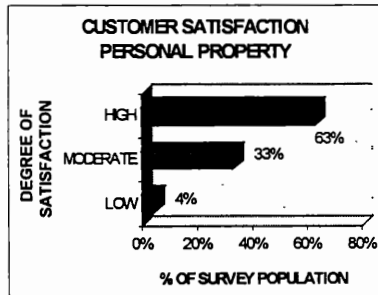
The consolidated business volume for the utilization and donation of excess and surplus personal property for fiscal year 1998 was \$1.8 billion, with \$1.8 billion projected for fiscal year 1999, and \$1.6 billion projected for fiscal year 2000. The decline in business volumes in fiscal year 2000 is due to decreasing generations of excess and surplus property from DoD largely because of military downsizing, base closures, and inventory draw-downs.



A three year trend of the cost per \$100 of personal property transferred is reflected in the following chart. The increase in cost per \$100 transferred is due to an estimated decline in property transferred to GSA while the associated costs for the program remain constant.



Data shown below is that of the latest customer satisfaction survey conducted in fiscal year 1997. The survey was distributed to the entire 2,100 property management customer database. Final analysis and the report were completed in November 1997.



Management and Administration

This program area provides for management and administrative support activities associated with GSA internal operations. The programs that provide this support include: (1) the Office of the Administrator; (2) the Regional Administrators and their staffs; (3) the Offices of Congressional and Intergovernmental Affairs; (4) the Office of Communications (5) the Office of Emergency Preparedness; (6) the Indian Trust Accounting division; (7) administrative support of Congressional District and Senate State offices; (8) the Executive Secretariat; and (9) the GSA Board of Contract Appeals. Below are brief descriptions and accomplishments of some of these organizations.

Administrator and Regional Administrators

The Administrator and Regional Administrators of GSA are responsible for the exe-

General Services Administration POLICY AND OPERATIONS

cution of all functions assigned to GSA by the Federal Property and Administrative Services Act of 1949, as amended, and by other laws. They are responsible for planning, coordinating, and supervising assigned programs in accordance with Central Office goals, objectives, and policies.

Congressional Support

GSA provides support to 1,410 home-state offices for Senators and members of Congress. These services include office space, furniture and furnishings, property disposal, equipment and supplies, and storage and relocation services. GSA provides a Congressional Services representative in each GSA region as the contact point for all matters pertaining to Congressional, state and district offices.

Emergency Management

In fiscal year 1998, the Office coordinated GSA's provision of more than \$49 million in services, supplies, equipment and materials for the Federal response to 62 natural disasters.

Office of Communications

The Office of Communications is GSA's communications, media relations and marketing department, with primary responsibility for fashioning the agency's message

and disseminating information to the press, the public, other Government offices and GSA employees.

Office of Congressional and Intergovernmental Affairs

The Office of Congressional and Intergovernmental Affairs acts as GSA's liaison with Congress. The Office coordinates meetings and testimony on Capitol Hill for the Administrator and other agency senior staff; helps Congressional offices solve GSA related problems; coordinates responses to Congressional inquiries; and shepherds the GSA legislative program through Congress.

Indian Trust Accounting

The division is responsible for providing accounting services to the Department of Justice on Indian Trust Funds and assisting in the Government's defense against Indian Tribal claims by providing accounting reports, other evidential materials, and expert witness testimony pertaining to accounting policies, practices, and procedures.

General Services Administration POLICY AND OPERATIONS

GSA Board of Contract Appeals

The GSA Board of Contract Appeals was established under the Contract Disputes Act of 1978 as an independent tribunal to hear and decide contract disputes between Government contractors and GSA. The Board also hears and decides disputes between contractors and other Executive agencies, including the Department of Treasury, the Department of Commerce, and the Department of Education.

Since July 1996, the Board has heard and decided claims involving transportation rate determinations, travel and relocation expense claims, and claims for the proceeds of the sale of property of certain federal civilian employees.

The Board also provides alternative dispute resolution services to Executive agencies both in contract disputes which are the subject of a contracting officer's decision, and in other contract-related disputes.

BOARD OF CONTRACT APPEALS

Case Workload	FY 1998 Actual	FY 1999 Current	FY 2000 Request	Percent Change
1. Appeals				
a. Cases received	139	150	150	0%
b. Cases closed	107	150	150	0%
c. Cases pending	173	173	173	0%
2. Transportation Rate				
a. Cases received	45	50	50	0%
b. Cases closed	106	50	50	0%
c. Cases pending	9	9	9	0%
3. Travel				
a. Cases received	51	40	40	0%
b. Cases closed	76	40	40	0%
c. Cases pending	11	11	11	0%
4. Relocation				
a. Cases received	140	140	140	0%
b. Cases closed	166	140	140	0%
c. Cases pending	44	44	44	0%
5. Other				
a. Cases received	41	40	40	0%
b. Cases closed	45	40	40	0%
c. Cases pending	5	5	5	0%

General Services Administration POLICY AND OPERATIONS

POLICY AND OPERATIONS

\$(Thousands)

	FY 1998 Actual	FY 1999 Current	FY 2000 Request	FY 1999/2000 Change
Direct Program:				
Policy	52,364	51,054	57,935	+ 6,881
Operations	53,833	65,540	64,223	- 1,317
Total	106,197	116,594	122,158	+ 5,564
Year 2000 Emergency Program	-----	17,468	-----	- 17,468
Total Obligations	106,197	134,062	122,158	- 11,904
Reimbursable Program:				
Policy	1,364	3,500	3,500	--
Operations	5,058	13,300	13,600	+ 300
Total Reimbursable	6,422	16,800	17,100	+ 300
Net Outlays	108,827	131,400	119,400	- 12,000
Employment (FTE):				
Direct	670	646	620	- 26
Reimbursable	654	629	603	- 26
	16	17	17	--

EXPLANATION OF ESTIMATES

Direct Program

The budgetary changes reflected below do not include the impact of \$17,468 thousand transferred to this account from the Year 2000 Emergency appropriation authorized by P.L. 105-277. Additional transfers under this authority are anticipated during the three year availability of the Emergency appropriation. The budgetary changes reflect the transfer of \$7,000 thousand in fiscal year 1999 for the disposal of the Lorton Correctional Complex from funds appropriated to the District of Columbia.

Policy and Operations, Direct and Reimbursable programs support the GSA mission in providing direction and coordination

of comprehensive Governmentwide programs. The requested amounts have been minimized by GSA's efforts to reduce expenses and to direct resources towards critical program initiatives.

Requested increases totaling \$5,564 thousand consist of \$6,881 thousand for the Office of Governmentwide Policy. The increases are partially offset by a reduction of (-) \$1,317 in Operations programs. In addition to these changes, increased salary costs and increases in the cost of goods and services totaling \$3,073 thousand are being absorbed within the base level of this account.

General Services Administration POLICY AND OPERATIONS

Increases for the Office of Governmentwide Policy consist of: (1) \$1,710 thousand to support the development of Electronic Commerce Infrastructure to provide an interoperable, single face for government electronic business transactions; (2) \$300 thousand for the transfer of the Computers for Learning program website from the Department of Energy to GSA, which aids the donation of surplus computer equipment to schools and education non-profit groups. (3) \$8,000 thousand for the Rapid Service Valuation and Preparation (RSVP) Access program which is the President's initiative to promote and support employment of individuals with disabilities through accessible information technology; and (4) \$2,000 thousand for an independent testing laboratory to validate the access performance of information technology making it easier for Government agencies and other purchasers to buy accessible technology. These increases are partially offset by reductions of \$3,000 thousand for digital learning technology projects; and \$2,104 thousand for the transfer of funding for GSA internal acquisition policy support to reimbursable funding through the Working Capital Centralized Administrative Support Program.

Operations program changes include: (1) \$3,000 thousand for increased protection and maintenance funding for Governors Island; and (2) a net decrease of \$4,242 thousand for protection and maintenance related to GSA acting as the landholding and disposal agency for the Lorton Correctional Complex. In fiscal year 1999 GSA received an appropriation transfer of \$7,000 thousand from funds appropriated to the District of Columbia for this disposal. The fiscal year 2000 requirement has been reduced to \$2,758 for a net reduction of \$4,242.

Reimbursable Program

Policy and Operations reimbursable account provides reimbursable services to other Federal agencies including: (1) \$2,050 thousand for personal property services related to seized and forfeited property; (2) \$11,350 thousand for: (a) real estate disposal services for specialized properties outside the purview of the Federal Property and Administrative Services Act of 1949; and (b) real property seized, forfeited, or foreclosed on by other agencies such as the U.S. Marshals Service, Department of Housing and Urban Development, Internal Revenue Service, and the Small Business Administration; (3) \$200 thousand for reimbursable support provided by the FIC to the Consumer Information Center (CIC); and (4) \$3,500 thousand for reimbursable programs of the Office of Governmentwide Policy including (a) \$650 thousand for "Trail Boss" Training Seminars which provide an intensive two week educational experience covering business behavior, the acquisition process and post procurement issues related to the Information Technology program; and (b) \$200 thousand for the Information Resources Management (IRM) Conference which covers the broad spectrum of ADP, telecommunications and records management; (c) \$1,925 thousand for the Chief Information Officer's Council, a forum to improve the design, modernization, performance and use of IT resources; (d) \$75 thousand for training associated with implementation of the federal Advisory Committee Act; (e) \$500 thousand to provide procurement support, training and advisory assistance; and (f) \$150 thousand for the Foundation Information for Real Property Management (FIRM) system which will assist agencies to manage real property assets more effectively.

**General Services Administration
POLICY AND OPERATIONS**

POLICY AND OPERATIONS (DIRECT) Explanation of Budget Changes \$(Thousands)	
FY 1999 Current Level	116,594
Protection and Maintenance, Lorton, Correctional Complex	- 4,242
Internal GSA acquisition policy support.....	- 2,104
Digital Learning Technology Projects	- 3,000
Protection and Maintenance, Governors Island Increase	+3,000
Disposal of Racine, Wisconsin Property.....	- 100
Electronic Commerce Infrastructure	+1,710
Surplus Computers for Learning Program	+300
Rapid Service Valuation and Preparation (RSVP) Access Program.....	+ 8,000
Evaluation and Validation of Information Technology for the Disabled	+ 2,000
FY 2000 Budget Request.....	122,158

**General Services Administration
POLICY AND OPERATIONS**

POLICY AND OPERATIONS (Direct) Obligations by Object Class \$(Thousands)			
	FY 1998 Actual	FY 1999 Current	FY 2000 Request
Personnel Compensation:			
11.1 Full-time permanent	37,587	37,784	37,784
11.3 Other than full-time permanent	385	35	35
11.5 Other personnel compensation	5,067	568	768
11.9 Total personnel compensation	43,039	38,387	38,587
12.1 Civilian personnel benefits	7,693	8,354	8,354
13.0 Benefits for former personnel	241	336	336
21.0 Travel and transportation of persons	1,800	2,136	2,136
21.0 Motor Pool	216	120	120
22.0 Transportation of Things	37	40	40
23.1 Rental payments to GSA	6,512	5,309	5,309
23.3 Communications., utilities and miscellaneous charges	441	2,525	2,425
24.0 Printing and reproduction	1,231	1,740	1,740
25.2 Other services	39,650	55,032	45,718
25.3 Purchases of goods and services from Government Accounts	2,607	17,964	14,274
26.0 Supplies and materials	640	859	859
31.0 Equipment	2,090	1,260	2,260
99.0 Subtotal direct obligations	106,197	134,062	122,158
99.0 Reimbursable obligations	6,422	16,800	17,100
99.9 Total obligations	112,619	150,862	139,258

**EXECUTIVE SUMMARY OF THE
REENGINEERING OF THE FEDERAL PROPERTY AND
ADMINISTRATIVE SERVICES ACT OF 1949, AS AMENDED**

The Federal Property and Administrative Services Act of 1949, as amended (Property Act), is the law of general application governing properties acquired to carry out Federal agency missions and programs. The Act established the General Services Administration (GSA) as the oversight agency for this real property inventory. OMB, in preparation for the FY2000 Budget process, requested GSA to prepare a comprehensive legislative package proposing changes to improve the Property Act as it relates to the acquisition, use and disposal of real property. In the course of a May 1998 oversight hearing of the House Subcommittee on Government Management, Information and Technology examining real property management in general and the Property Act as it approaches its 50th anniversary, Congress requested GSA's advice regarding needed changes to the Act.

The Federal government is the single largest holder of real property in the United States. In 1996, the domestic federally owned inventory consisted of 563.1 million acres, or 29.79% of the land area in the United States. Excluding public domain lands, the Federal inventory consisted of 55.1 million acres and 430,316 buildings with an acquisition cost for the land totaling \$14.8 billion and \$118.2 billion for the buildings. In addition, the Government's leased inventory was 1.3 million acres and 77,232 buildings with approximately 0.3 billion square feet of space. The Government's overall expenditure for land and its 3.2 billion square foot portfolio of owned and leased property amounts to an impressive one-time acquisition cost of \$133 billion and an annual rent of \$3.2 billion. With much of this inventory subject to the provisions of the Property Act, it is imperative that the policies governing these assets ensure their efficient and effective treatment. Big dollars and efficient Government are at stake.

The Office of Real Property, in GSA's Office of Governmentwide Policy (OGP), collaborated with Federal agencies in a comprehensive review of the Property Act. We have identified legislative initiatives that we believe will introduce and promote a total asset management approach to Federal real property issues. While some of the concepts may be applicable and appropriate for others, the review does not propose to alter existing real property authorities granted agencies under other statutes. It focuses solely on real property interests that are presently controlled by the Property Act. Concepts from this review will be submitted to OMB and serve as the basis for a formal legislative package to be offered to the 106th Congress.

Asset management should take into consideration the entire life cycle of property (planning, acquisition, use and disposal). However, the present focus of the Property Act is oriented toward the disposal phase of a real property asset rather than the full life cycle approach that is warranted. The Act needs to be retooled to address all phases of the asset's life cycle and to support an integrated portfolio-wide perspective for overall real

property management decision making. The following requirements will be incorporated in the Act to create a policy and management framework for the planning, acquisition, use and disposal of assets.

- Identify and Maintain Current a Set of Life Cycle Asset Management Principles: The Property Act should be amended to direct the Administrator of GSA, in collaboration with Federal landholding agencies, to identify and maintain current a set of principles that guide decisionmaking regarding all life cycle phases of Federal real property assets.
- Consider Agency Real Property Needs as Part of an Agency Strategic Plan: Agencies would ensure that the management of real property assets is fully consistent with and supportive of strategic mission goals and objectives.
- Designate a Real Property Asset Manager for Each Federal Landholding Agency: Legislatively mandating an Asset Manager for each Federal agency will give prestige, focus and importance to promoting effective Federal real estate practices and clearly make asset management a major priority for each property holding agency. The Asset Manager would ensure that assets meet an agency's strategic objectives.
- Establish and maintain a Government-wide Real Property Information Database: This inventory database can be accomplished by enhancing the existing GSA Worldwide Inventory (WWI) and increasing data accessibility and sharing by all Federal entities. Agencies will use the database to improve their decision-making concerning agency-owned assets and consider alternatives to meet portfolio needs from a Governmentwide perspective.

Agencies with real property whose condition or location no longer adequately supports their missions are currently faced with limited and unsatisfactory choices. They can either incur cost and the administrative burden of keeping the property or they can report it excess. Many never receive any return on their investment in the property. Excess property is first offered to other Federal agencies and, if no Federal agency wants it, next offered for donation as surplus property to state and local governments for certain approved public purposes, e.g., parks, education, airports, etc. Only if the property is not claimed by an eligible donee is it offered for sale; then, for many agencies, the proceeds from such sales are deposited in the Treasury. The proposed Property Act amendments will permit agencies that need new or upgraded property to exchange or sell property and use the bulk of the proceeds to acquire or refurbish property that will support their missions better. In addition, the proposed amendments will streamline property management and disposal processes.

General Services Administration GENERAL SUPPLY FUND

MISSION

The General Supply Fund (GSF) is a full-cost recovery, revolving fund that finances four business lines through customer payments. These business lines are totally dependent on customer revenues, and in order to succeed must compete for customer loyalty like any private-sector business. Products offered are non-mandatory and each business line is committed to continually enhance its standing as the best-value source for its customers and a source of savings for the Federal Government and taxpayer. Capitalizing on the GSF's market leveraging potential, Federal agencies are able to make optimum use of their limited resources for supply and service functions.

A brief description of each business line follows:

Supply and Procurement - leverages Federal purchasing power to deliver quality, service, savings and choice in commercial products and services - from office supplies to contracts for financial management services. The distribution facilities, customer supply stores, federal supply schedules and direct delivery methods of supply are included in this business line.

Personal Property Management - the GSF portion of this business line sells surplus government property whose value cannot be extended through reutilization or donation phase - seeking the maximum return for the taxpayer. It is funded through a modest portion of the revenue generated from individual sales.

Travel and Transportation - helps control and reduce Federal costs through its commercial travel and transportation services. Travel services include

negotiated airline contracts, travel agency services, and travel charge card services. Transportation services include shipment of parcels, freight and household goods.

Vehicle Acquisition and Leasing - the GSA fleet management organization and GSA's vehicle acquisition center merged to become a single business line in 1998. Furthering one-stop shopping philosophy, this business line makes it easier for customers to evaluate fleet management options and arrive at decisions responding to their needs.

FY 2000 BUDGET IN SUMMARY

The fiscal year 2000 budget request provides funding authority that fully supports the ongoing activities of each GSF business line.

Supply and Procurement

Supply and Procurement managers constantly strive to provide the best products, service and price while advocating cost-control and customer satisfaction. Accordingly, in fiscal years 1999 and 2000, the Supply and Procurement markup for goods and services is projected to remain equivalent to current fiscal year 1998 levels.

GSA Advantage!, the award winning electronic, Internet accessed, shopping mall with purchase card payment option, continues to be out in front, moving the acquisition process into the 21st century. By the end of fiscal year 1998, GSA Advantage! will offer over 500,000 products with the number growing daily.

Federal Supply Schedules allow customers to buy directly from over 5,000 contractors. In fiscal year 1998, schedule contractors

General Services Administration GENERAL SUPPLY FUND

were required to accept the government purchase card as a means of payment and a new mechanism for introducing new products was put in place, allowing new technology and innovations to be added at any time during the life of the contract. To better meet the needs of its global customer, provisions have been added to all Federal Supply Schedules for worldwide coverage.

GSA's stock program offers over 7,000 of the most frequently used products required in today's work environments, whether offices or aircraft carriers. The stock program is a discount, catalog supply channel and call center network equipped with advanced technology. In fiscal year 1998, the number of stores expanded to 11 in the United States and 7 abroad (in Europe and Japan), with 6 more planned for 1999. Many of these stores are operated in partnership with the National Industries for the Blind, under the Javits-Wagner-O'Day Act. In fiscal year 1999, steps will be taken to further streamline stock program processes, simplify customer ordering, and enhance service.

As a revenue-dependent, non-appropriated fund activity, this business line projects the cost to deliver their support services to all Federal agencies, in fiscal year 2000, to be \$1.058 billion of which \$263.1 million represent operating expenses.

Personal Property Management

GSA offers a full-service, fee-based sales program with an experienced and knowledgeable sales force that can ensure that Federal customers and the taxpayer achieve maximum return on investment. Federal agencies are responsible for determining whether they will utilize this fee-for-service sales program or arrange for the

sale of their own property. Thus, GSA is a provider of choice for Federal agencies. The sale of surplus property is conducted via sealed bid, fixed price, negotiated, auction and spot bids.

For fiscal year 2000, the expenses projected to support this business line are \$14.8 million.

Travel and Transportation

GSA works closely with customer agencies to identify their requirements and with travel and financial services industries to identify their capabilities. Customers prefer nonstop airline service whenever it's available and efficient connecting service in other markets. In fiscal year 1999, GSA made awards for nonstop services in 99% of the markets where nonstop service was available. GSA currently administers 140 Travel Management Center (TMC) contracts with an annual volume of air sales that exceeds \$500 million. The TMC program enables participating Federal agencies to shift the administrative burden of arranging travel from in-house staff to commercial travel agents.

We listened to our customer agencies' need for choices in payment system services to meet their particular mission requirements. In February 1998, GSA awarded contracts for fleet, travel, and purchase card services to multiple vendors who will provide a variety of core and optional value-added services. These Smart Pay contracts were effective November 30, 1998. The contractor-issued charge cards and centrally billed accounts are a primary payment mechanism for airline city-pair services. The card account numbering systems are a critical signal to the airline industry that the traveler is eligible to use the contract airfares.

General Services Administration GENERAL SUPPLY FUND

The Small Package Express Delivery Services program provides Government agencies with next day and second day delivery services of small packages. GSA offers Federal customers' prices 45% lower than comparable commercial customers. Federal agencies using GSA's Freight and Household Goods programs can focus their personnel resources on mission-related functions rather than on the complexities of the transportation arena where they may lack expertise. For example, Federal customer activities may enter into reimbursable arrangements with GSA to acquire that expertise. During fiscal year 1998, GSA had 203 interagency reimbursable arrangements with Federal activities in effect; 25 more than during fiscal year 1997.

For fiscal year 2000, the expenses projected to support the fully reimbursable travel and transportation services program are \$4.6 million.

Vehicle Acquisition and Leasing

This business line is funded through a modest cost recovery formula for its vehicle acquisition services and for the Interagency Fleet Management System (IFMS) through monthly rates and per mile fees based upon class of vehicle. Customers can assess the merits of independently acquiring and managing their fleets or decide to turn to GSA to manage their fleet via the IFMS, a service which today represents the largest federal fleet of non-tactical vehicles outside the U.S. Postal Service, with over 155,000 vehicles.

The goal of Vehicle Acquisition and Leasing Services is to provide the best value for the Federal Government and the taxpayer while contributing to a cleaner environment by providing alternative fuel vehicles (AFVs).

This goal is met by providing an average of 19 percent savings in vehicle acquisitions for the largest type of vehicle acquired, 4 door compact sedans, compared to commercial "Black Book" prices. In addition, an estimated \$17.2 million will be saved as a result of new vehicle consolidations to the IFMS that will occur from fiscal years 1998 through 2000.

The GSA fleet of over 155,000 vehicles is managed through a network of over 70 Fleet Management Centers and a Maintenance Control System. This connects customers with GSA's trained automotive service technicians, who are on call to manage the maintenance and repair of GSA IFMS vehicles. These technicians are able to tap into over 30,000 private sector vendors convenient to customer locations. Payment and billing for services are performed via the GSA fleet services card which provides fleet management personnel excellent information, promoting sound financial management of fleet operations.

The fiscal year 2000 motor vehicle acquisition plan calls for the purchase of 10,500 AFVs. This level of new AFVs will ensure GSA and customer agency compliance with quotas contained in Executive Order 130301, Federal Alternative-Fuel Vehicle Leadership. GSA will continue to work with customer agencies to fill all of their requests.

All costs of this business line are recovered via a modest sales fee for new procurements or a monthly leasing plus mileage fee for leased vehicles. These costs for fiscal year 2000 are projected to be \$1.457 billion of which \$94.3 million represent operating expenses.

**General Services Administration
GENERAL SUPPLY FUND**

GENERAL SUPPLY FUND \$(Thousands)				
	FY 1998 Actual	FY 1999 Current	FY 2000 Request	FY 00/99 Change
Income	2,716,351	2,712,695	2,686,181	-26,514
Supply and Procurement	1,373,732	1,237,094	1,082,300	-154,794
Personal Property Management	13,519	14,798	14,798	+0
Travel and Transportation	3,433	3,811	4,600	+789
Vehicle Acquisition & Leasing	1,325,667	1,456,992	1,584,483	+127,491
Expense	2,558,493	2,559,299	2,533,891	-25,408
Supply and Procurement	1,333,821	1,204,916	1,057,586	-147,330
Personal Property Management	12,663	14,139	14,798	+659
Travel and Transportation	4,942	5,478	4,600	-878
Vehicle Acquisition & Leasing	1,207,067	1,334,766	1,456,907	+122,141
Profit (Loss)	157,858	153,396	152,290	-1,106
Less Reserves	149,491	118,951	126,628	+7,677
Net Profit (Loss)	8,367	34,445	25,662	-8,783
FASAB Compliance*	(20,396)	(20,396)	(20,396)	+0
Final Adjusted Profit (Loss)	(12,029)	14,049	5,266	-8,783
Net Outlays	0	0	0	+0
FTE	3,198	3,214	3,199	-15

* Includes projected levels of pension/post retirement benefit expenses in accordance with the Federal Accounting Standards Advisory Board (FASAB) No. 5. This is required for reporting purposes, even though individual Federal agencies are not required to pay the costs. These costs are paid by the Office of Personnel Management.

**General Services Administration
GENERAL SUPPLY FUND**

GENERAL SUPPLY FUND Explanation of Budget Changes (\$Thousands)	
FY 1999 Program Level.....	3,355,840
Change in Capital Outlay.....	+395
Pay Increase.....	+5,026
Rent Rate Increase.....	+912
Business Volume Adjustments.....	<u>-29,345</u>
FY 2000 Budget Request.....	3,332,828

**General Services Administration
GENERAL SUPPLY FUND**

GENERAL SUPPLY FUND Obligations by Object Class \$(Thousands)			
	FY 1998 Actual	FY 1999 Current	FY 2000 Request
Personnel Compensation:			
11.1 Full-time permanent	141,299	152,291	157,317
11.3 Other than permanent	1,461	1,500	1,550
11.5 Other personnel compensation	<u>5,524</u>	<u>5,673</u>	<u>5,860</u>
11.9 Total personnel compensation	148,284	159,464	164,727
12.1 Civilian personnel benefits	31,627	34,249	35,371
13.0 Benefits for former personnel	116	0	0
21.0 Travel and transportation of persons	4,607	4,703	4,802
21.0 Motor pool travel	588	600	613
22.0 Transportation of things	59,977	56,747	57,939
23.1 Rental payments to GSA	43,590	43,452	44,364
23.3 Communications, utilities, and misc. charges	14,670	14,978	15,293
24.0 Printing and reproduction	6,773	6,915	7,060
25.2 Other services	131,725	134,492	137,316
25.3 Purchases of gds/svcs from Gov't accts	57,332	58,536	59,765
26.0 Supplies and materials	2,215,676	2,170,065	2,133,544
31.0 Equipment	549,700	671,624	672,019
32.0 Lands and Structures	15	15	15
Total Obligations	3,264,680	3,355,840	3,332,828

General Services Administration GENERAL SUPPLY FUND

THE FY 2000 PERFORMANCE PLAN

The programs covered by the GSF are committed to satisfying the Federal Government's requirements for products and services at the least cost to the taxpayer. In order to measure accomplishments toward meeting this challenge, outcome measures have been established. These outcome measures are monitored on a continual basis and are reflected in this budget submission and the fiscal year 2000 performance plan.

SUPPLY AND PROCUREMENT

As a self-sustaining activity, the Supply and Procurement business line projects its operating expenses for FY 2000 to be \$263.1 million, with a cost of goods of \$794.5 million. The five performance goals below focus on maintaining operating costs while expanding the range of products and services FSS offers; providing Federal agencies sources which will further the Government's socioeconomic goals; increasing customer satisfaction; and making more products and services available through GSA's electronic shopping and ordering system GSA Advantage!™.

Performance Measures:

- Cost per \$100 sales
- Dollar volume of programs
- Percent of Schedules contracts awarded to small business
- Customer satisfaction
- Percent products available on GSA Advantage!

VEHICLE ACQUISITION AND LEASING SERVICES

GSA merged its Automotive Acquisition Center and Fleet Management Division in 1998 into the new business line, Vehicle Acquisition and Leasing Services. This provides customers with one-stop shopping, whether they decide to let GSA purchase vehicles for them or to lease vehicles from the GSA-managed interagency fleet. The following performance measures are used to assure that customers' expectations continue to be met.

Performance Measures:

- Percent acquisition cost saved from "Black Book" pricing
- Savings per consolidated vehicle
- Rate of increase in per-mile charge
- Percent of Federal market share
- Customer satisfaction
- Percent requests filled

General Services Administration GENERAL SUPPLY FUND

TRAVEL AND TRANSPORTATION

In recent years, the Federal travel and transportation budgets have been approximately \$18 billion annually. Reducing costs by consolidating contracts and achieving administrative savings, this business line competes successfully for Federal business in its non-mandatory program areas as well as achieving huge savings for the Government in its two mandatory programs—City Pairs and Post-payment Transportation Audits.

While savings is the principal outcome for this business line, customer satisfaction is another component which will ensure that the services provided attract customers and provide the intended result.

Performance Measures:

- Percent savings on travel
- Percent savings : freight, household goods, and small package express delivery
- Customer satisfaction

PERSONAL PROPERTY MANAGEMENT

Cost management measures insure that cost-to-outcome ratios are projected and managed effectively for the sales program. Customer satisfaction measurement is critical in keeping the programs focused on results that translate into efficiencies for our customers and good sense for the taxpayer.

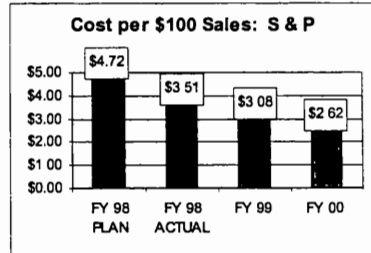
Performance Measures:

Sales proceed per FTE
Customer satisfaction

PERFORMANCE PLAN SUMMARY

SUPPLY AND PROCUREMENT

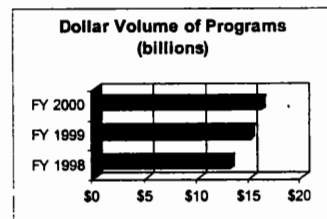
Performance Goal: Hold costs at current levels while expanding supply and



procurement support to Federal agencies, thereby reducing the cost per \$100 sales by 25%.

Increased cost efficiencies, streamlining, and higher than expected schedule sales account for the FY98 actual reduced cost per \$100 sales compared to plan.

Performance Goal: Increase Federal agencies' use of GSA sources of supply over FY 1998 by providing additional products and services and by making it easier to access FSS products and services.



General Services Administration GENERAL SUPPLY FUND

Performance Goal: Maintain the current proportion of Schedules contracts awarded to small businesses.

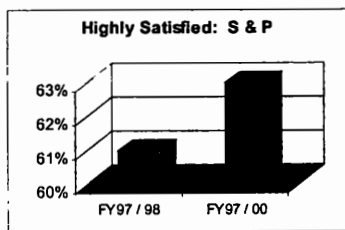
Performance Measure:
Percent of Schedule contracts
awarded to small business

Baseline: 77%

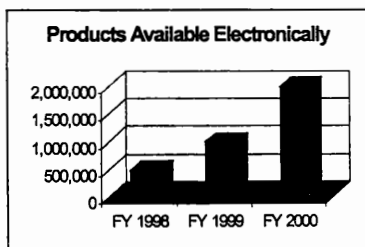
FY 1999: 77%

FY 2000: 77%

Performance Goal: Increase customer satisfaction with Supply and Procurement programs.



Performance Goal: Increase the number of products available to Federal customers via electronic systems and Internet connectivity.



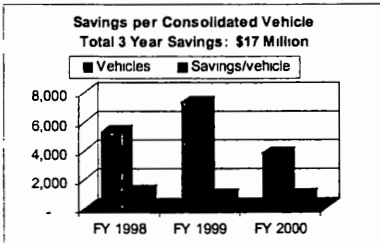
VEHICLE ACQUISITION AND LEASING SERVICES

Performance Goal: Offer an average 20% vehicle acquisition savings over commercial "Black Book" prices for 4-cylinder compact sedans.

Performance Measure:
Percent saved compared to "Black Book" price.
1998 Baseline: 20%
1999 Target: 20%
2000 Target: 20%

General Services Administration GENERAL SUPPLY FUND

Performance Goal: Save taxpayers money by consolidating additional vehicles into GSA's fleet.

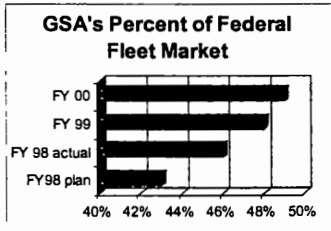


Performance Goal: Hold annual increases in per-mile charges for interagency fleet vehicles close to the inflation rate.

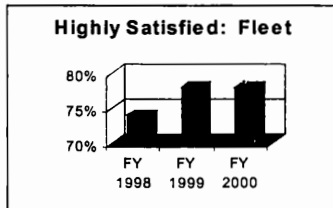
Performance Measure: Rate of increase in per-mile charge compared to inflation rate.

	Charge	% Increase
FY 1998	0.3070	2.9%
FY 1999	0.3159	2.9%
FY 2000	0.3251	2.9%

Performance Goal: Increase GSA interagency fleet share of Federal fleet.



Performance Goal: Increase customer satisfaction with Vehicle Acquisition and Leasing.



Performance Goal: Fill 100% of agency requests for alternative fuel vehicles.

Performance Measure:

Percentage of requests filled.

FY 1998 Baseline:	100%
FY 1999 Target:	100%
FY 2000 Target:	100%

TRAVEL AND TRANSPORTATION SERVICES

Performance Goal: Achieve significant savings on Federal air travel as compared with commercial prices.

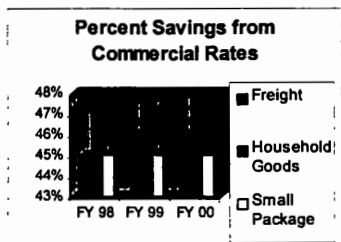
Performance Measure:

Savings on Government air travel as a percent of the total commercial value of the same travel

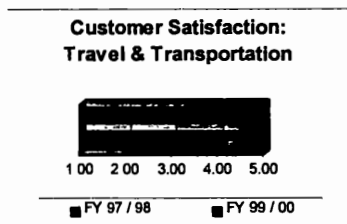
Baseline:	70%
FY 1999:	68%
FY 2000:	68%

General Services Administration GENERAL SUPPLY FUND

Performance Goal: Maintain savings of 45% to 47% compared to commercial rates for shipment of freight and household goods and for small-package express delivery services.



Performance Goal: Increase customer satisfaction with FSS travel and transportation programs.



PERSONAL PROPERTY MANAGEMENT

Performance goals for FY 2000 aim to maximize cost avoidance through property reuse, maximize proceeds from the sale of surplus property, contain costs, and increase customer satisfaction.

Performance Goal: Control costs while effectively performing sales services.

Performance measure:

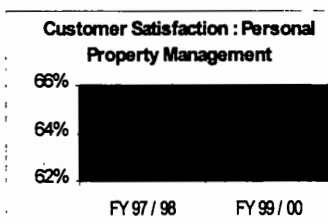
Sales proceeds per FTE

FY 1998: \$530,000

FY 1999: \$538,000

FY 2000: \$477,000

Performance Goal: Increase customer satisfaction with Personal Property Management Services



General Services Administration INFORMATION TECHNOLOGY FUND

MISSION

The Federal Technology Service (FTS) is dedicated to providing information technology solutions and telecommunications services that deliver the best value and innovation to support our customers' missions worldwide. It is the vision of FTS to provide world class services and solutions for the new millennium. FTS' mission statements reflect the emphasis we place on our performance in meeting our customers' requirements in a technically-effective and cost-efficient manner.

RESOURCES

FTS programs are financed by the Information Technology (IT) Fund. The fund was authorized by the Paperwork Reduction Reauthorization Act of 1986 (Public Laws 99-500 and 99-591, section 821(a)(1)). It provides information technology resources to Federal agencies to promote use of the latest technology to deliver services, and to provide for the efficient management, coordination, operation, and use of such resources. It also provides for a capital reserve to finance investments and program costs which are one-time or non-recurring in nature, allowing for more stable rates for services even when expenses vary widely because of events such as a major procurement. The reserve also allows flexibility to address the challenges of providing innovative state-of-the-art services to our customers, to meet the demands of new program requirements, and to provide funding for new technologies and recompetition opportunities. The reserve requirements are developed annually by FTS and included in the IT Fund Cost and Capital Requirements Plan. This plan is submitted to OMB for their review and approval pursuant to Section 110(a)(1) of the Federal Property and Administrative Services Act of 1949, as amended by Public Law 99-591. The rates charged agencies receiving information technology services are consistent with this plan.

In addition, the Interagency Management Council (IMC), which consists of senior executive telecommunications officials from Federal agencies, serves as a Board of Directors for the development, coordination, and customer-driven oversight of the Federal telecommunications program.

BUDGET IN SUMMARY

The IT Fund finances, on a reimbursable basis, governmentwide information technology services through two business lines: **Network Services** and **Information Technology (IT) Solutions**. Resources supporting these business lines are based on rates charged Federal customers. In FY 2000, almost 97% of the total FTS reimbursements are projected to flow through to the private sector for payment of telecommunications and IT solutions services.

The **Network Services** business line enables FTS to provide its customers with end-to-end telecommunications services including global voice, data, and video services supporting both local and long distance government telecommunications users. FTS also provides advanced telecommunications products and services through the post FTS2000 special services contracts, referred to as innovative services contracts. The innovative services contracts currently provide customers with a variety of fully competed contracts for wireless communications, technical management support services, international calling, wire and cable, and internet access. Future innovative services contracts will be developed to offer our customers leading-edge services to meet their twenty-first century needs. FTS also supports several IT applications initiatives approved by the IMC which ensure that state-of-the-art technologies are deployed throughout the government in a timely and cost-effective manner.

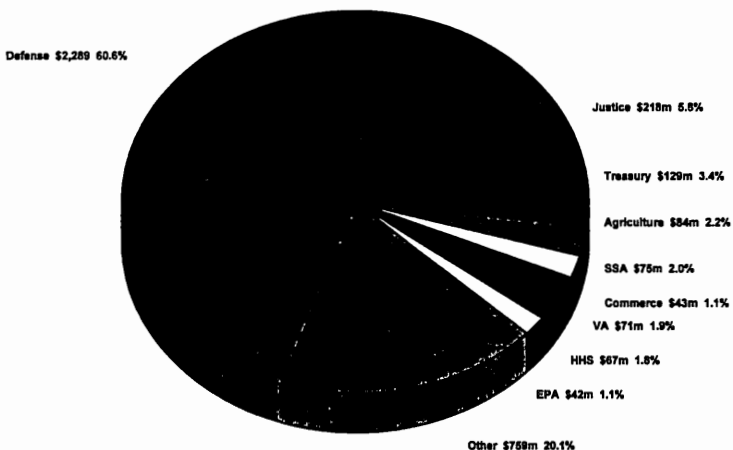
General Services Administration INFORMATION TECHNOLOGY FUND

The **IT Solutions** business line helps agencies acquire, manage, integrate and use technology resources and protect the security of Federal information on-line. The FTS programs help improve services for all Americans through the innovative use of information technology.

The FY 2000 budget provides resources for the leadership, new technology, technical expertise and innovative programs that enable our customers, other Federal agencies, to achieve their planned results in the most efficient and productive way. A breakdown of our customer base is shown in Exhibit 1 below.

Exhibit 1. Major Customers of the Information Technology Fund
FY 2000 Revenue \$(Millions)

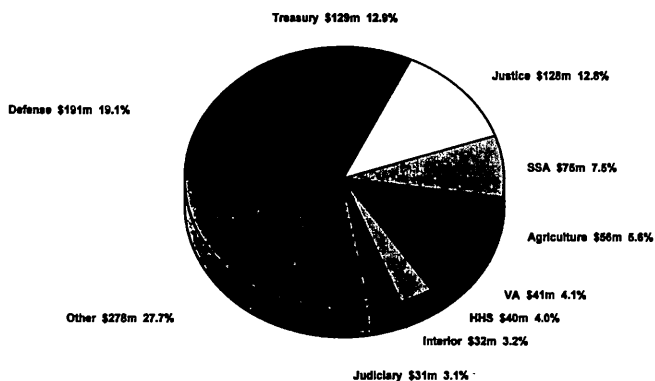
TOTAL PROJECTED FY 2000 REVENUE = \$3,777M



General Services Administration INFORMATION TECHNOLOGY FUND

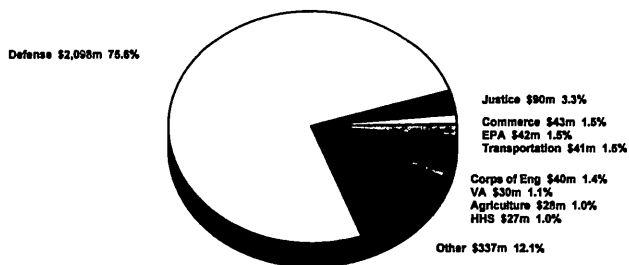
NETWORK SERVICES

TOTAL PROJECTED FY 2000 REVENUE = \$1,001M



IT SOLUTIONS

TOTAL PROJECTED FY 2000 REVENUE = \$2,776M



**General Services Administration
INFORMATION TECHNOLOGY FUND**

**INFORMATION TECHNOLOGY FUND
RESULTS OF OPERATIONS
\$(Thousands)**

	FY 1998 Actual	FY 1999 Current	FY 2000 Request	FY 00/99 Change
Revenue	3,415,124	3,574,728	3,777,065	202,337
Expense	3,460,111	3,650,084	3,836,065	185,981
Current Year Excess Revenues/(Loss)	(44,987)	(75,356)	(59,000)	16,356
Expenses Funded by Reserves	78,618	102,496	73,064	(29,432)
Excess Revenues/(Loss) from Operations	33,631	27,140	14,064	(13,076)
FASAB Compliance*	(7,938)	(9,261)	(9,261)	0
Net Excess Revenues/(Loss)	25,693	17,879	4,803	(13,076)
Net Outlays	(1,122)	89,940	64,112	(25,828)
FTE:	1,277	1,296	1,296	0

*Includes projected levels of pension and retirement benefit costs in accordance with Federal Accounting Standards Advisory Board (FASAB) Standard No. 5. This is required for reporting purposes, even though individual agencies are not required to pay these costs. These costs are paid by the Office of Personnel Management (OPM).

EXPLANATION OF ESTIMATES

The IT Fund FY 2000 revenue reflects a 5.7% increase from FY 1999. This growth is largely attributed to increased business volume in the IT Solutions business line.

The total excess revenues from current operations are retained in the Fund to finance capital investments and program costs that are one-time or non-recurring in nature.

Levels of funding are determined through the submission and approval process of planned cost and capital requirements to OMB by GSA annually.

This budget request also reflects a \$87.3 million increase in obligations from FY 1999, as shown below. This net change results from increases for pay, inflation, and business volume, and a reduction in reserve use.

INFORMATION TECHNOLOGY FUND Explanation of Budget Changes Obligations \$(Thousands)	
FY 1999 Current Level	\$3,981,413
Pay Adjustments.....	5,031
Inflation	3,176
Increase in Business Volume.....	108,768
Decrease in Reserve Use.....	-29,718
FY 2000 Budget Request	\$4,068,670

General Services Administration INFORMATION TECHNOLOGY FUND

MAJOR ISSUE

IT Fund business volumes and revenue continue to grow significantly. Over the past five years the annual IT Fund business volume has grown from approximately \$1 billion in FY 1993 to more than \$3.4 billion in FY 1998, and is expected to be more than \$3.7 billion in FY 2000. The majority of this increase is in the Information Technology (IT) Solutions area, where continuing demand for IT Solutions products and services is resulting in a controlled but steady growth in business volume. Most of the increased business is with the Department of Defense (DOD), which currently accounts for approximately 75% of the IT Solutions business and approximately 60% of the total IT Fund sales.

In the past DOD has not paid timely nor electronically via the Department of Treasury's On-line Payment and Collection (OPAC) system, which most of the Fund's other customers use. While DOD ultimately pays,

there is at least a 60 day lag between disbursements and collections. Because FTS must pay IT Solutions vendors in accordance with the Prompt Payment Act to avoid interest penalties, DOD's tardiness has depleted the Fund's cash balance.

On May 15, 1998, a Memorandum of Understanding (MOU) was signed between DOD and FTS which placed all DOD customers of the IT Solutions business line on OPAC effective July 1, 1998. This effort has somewhat improved the IT Fund cash position. However, there still is a lag time between payments to IT Solutions vendors and collections from DOD.

FTS has taken and is continuing to take aggressive action to maintain a healthy cash position. However, as IT Fund business volume continues to grow, lag times between payments to vendors and receipts from customers further strain the Fund's cash. Also, the IT Fund can not count Federal receivables as cash assets.

**General Services Administration
INFORMATION TECHNOLOGY FUND**

INFORMATION TECHNOLOGY FUND			
Obligations by Object Class			
\$(Thousands)			
	FY 1998 Actual	FY 1999 Current	FY 2000 Request
Personnel Compensation:			
11.1 Full-time permanent	68,226	85,607	89,202
11.3 Other than permanent	401	183	191
11.5 Other personnel compensation	9,380	1,235	1,308
11.9 Total personnel compensation	78,007	87,025	90,701
12.1 Civilian personnel benefits	16,586	19,320	20,674
13.0 Benefits for former personnel	718	112	114
21.0 Travel and transportation of persons	3,865	3,807	5,126
21.0 Motor pool travel	210	226	262
22.0 Transportation of things	417	295	301
23.1 Rental payments to GSA	9,805	10,560	13,395
23.3 Communications, utilities, and misc. charges	2,280	1,565	1,688
24.0 Printing and reproduction	504	679	731
25.2 Other services	3,679,166	3,573,656	3,643,528
25.3 Purchases of goods and services from Government accounts	256,450	269,234	274,245
26.0 Supplies and materials	4,945	1,556	3,289
31.0 Equipment	21,818	13,378	14,616
43.0 Interest and dividends	361	0	0
99.0 Total Obligations	4,075,132	3,981,413	4,068,670

General Services Administration INFORMATION TECHNOLOGY FUND

BUSINESS LINES

FTS provides its customers around the world with best value, innovation, integration, and interoperability through two business lines: **Network Services and Information Technology Solutions.**

The **Network Services** business line offers its customers end-to-end telecommunications services. The major programs under the Network Services business line are the FTS2000 long distance program, the new FTS2001 long distance program and the Local Telecommunications Services program. FTS2000 contracts provide long-distance telecommunications service that offer the Federal Government low-cost, state-of-the-art, integrated voice, data, and video telecommunications. FTS2000 services are provided to more than 1.7 million users through two multi-billion dollar ten-year contracts that were awarded to AT&T and Sprint in December 1988. These contracts expired in December 1998. In order to assure continuity of service, one-year FTS2000 extension contracts were awarded to Sprint and AT&T. During the contracts' ten-year existence, government agencies will have spent nearly \$5 billion on FTS2000 services.

The replacement contracts, or "FTS2001" were awarded to Sprint and MCI WorldCom on December 1998 and January 1999, respectively, and are estimated to be worth more than \$5 billion over the eight-year contract period. FTS2001 replaces the two successful FTS2000 contracts and retains many key features, especially aggressive price competition. Through GSA negotiations over the past ten years, telecommunications services have gone from a national average of 27 cents per minute in FY 1988 to 5.5 cents per minute under FTS2000. Under FTS2001, prices start at about 4 cents per minute and drop to less than 1 cent per minute by the end of the contract. The FTS2001 contracts will no longer be mandatory for Federal agencies.

In addition, these winning vendors will be able to offer optional local services after a forbearance period of one year from award date. In addition, vendors who win GSA's Metropolitan Area Acquisition (MAA) local service contracts will be able to offer optional long distance service after a forbearance period of one year from award date. This will make it increasingly important for FTS2001 service to be better, faster, cheaper and easier to use than commercial services.

FTS has established a Transition Coordination Center (TCC) that provides overall management, guidance, and technical support to Federal agencies and US Tribal Nations electing to transition current FTS2000 services to FTS2001 networks. Transition will begin in June 1999 and is expected to be completed within eighteen months. More than 160,000 circuits serving 109 Federal agencies at 26,700 service delivery points (SDP) in 5,000 cities will be transitioned.

FTS prides itself in offering its customers quality goods and services at competitive prices. In the January 1999 *GSA Report to Congress on the Cost Effectiveness of the FTS2000 Program* from FTS, FTS2000 prices are shown to be 15.9 percent lower in the aggregate for the government's telecommunications requirements than the lowest commercial equivalent. This affirms the continued cost effectiveness of the FTS2000 program.

The largest FTS2000 service offering is switched voice service. As illustrated in Exhibit 2 on the next page, FTS2000 long-distance voice prices continue to be highly competitive with those in the commercial sector. In FY 1998, FTS2000 average cost per minute was 5.08 cents compared to the industry price of 10.2 cents. With FTS2001, cost per minute will continue to be below the industry average.

General Services Administration INFORMATION TECHNOLOGY FUND

Voice service cost per minute compared to commercial equivalent

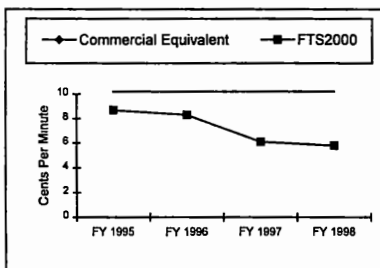


Exhibit 2. FTS2000 prices compared to commercial

The FTS2001 contracts are non-mandatory. Therefore, beginning in FY 2000, FTS will discontinue the one percent annual innovation fund charge, which will reduce the service overhead rate causing FTS2001 to be more competitive.

Local Telecommunications Services program provides local voice and data telecommunications to Federal agencies nationwide. In the wake of reforms initiated by the Telecommunications Act of 1996, FTS is pursuing lower prices for local service in the major markets through its Metropolitan Area Acquisition (MAA) Program. The MAA program will take advantage of competition to achieve immediate, substantive, and sustained price reductions for local telecommunications services in metropolitan areas. In FY 1998, Requests for Proposals (RFPs) were issued in the three initial MAA cities, New York, Chicago, and San Francisco. Awards are planned in each of these cities during the third quarter of FY 1999. If these procurements prove successful in meeting customer telecommunications requirements at optimal prices, other metropolitan areas will be evaluated for potential contract solicitations.

The Local Telecommunications Services program has undertaken a major initiative to reduce the average monthly line rate. Exhibit 3 shows the actual monthly line rate to date and the projected monthly line rate for FY 1999. The national average monthly line rate for FY 1999 is projected to be \$19.94 which reflects an overall reduction of \$8.86 or almost 31% from the FY 1994 average monthly line rate.

Local Line Cost

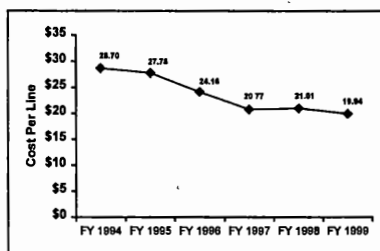


Exhibit 3. Local Line Cost

In FY 2000, FTS will continue to strive to reduce the average monthly line rate. However, it is not practicable to project an average line rate for FY 2000 at this time. MAA's will be made in three major cities in FY 1999 with others to follow. Numerous competitive acquisitions for local telecommunications services have been made and will continue as the market matures. Considering the volatility of the local telecommunications marketplace, it is difficult to project how much of an impact these acquisitions will have on the cost of services. In addition, MAA contracts will offer a broad array of services in addition to switched voice, and it is anticipated that Local Services program overhead costs will be recovered via a mechanism other than the line rate (e.g., a surcharge assessed on all services).

The IT Solutions business line within FTS provides all types of IT products and services, including security solutions, to its Federal clients through contracts with private sector

General Services Administration INFORMATION TECHNOLOGY FUND

firms. Fiscal year 1998 revenues for this business line exceeded \$2.4 billion and fiscal year 1999 revenues are expected to grow by 6%.

Employees in the IT Solutions business line have eagerly embraced procurement reform and business process streamlining. Through a series of innovations including policy improvements and electronic commerce automation initiatives, the business line has increased its capability to support more clients through more contracts with private sector firms. The results are that revenues have grown from \$500 million to \$2.4 billion in the past three years despite agency-wide downsizing. The programs within the IT Solutions business line are clearly desirable and competitive sources of supply for Federal agencies and have an enormous impact on private sector service providers.

In fiscal year 1998, the IT Solutions business line was reviewed to determine whether more efficient operations were possible. The result of this review was a decision to change the business line concept of operations from stovepipe operations to a more integrated and well-defined structure.

New Concept of Operations

The IT Solutions Concept of Operations is engineered on the basis of distinct sales, service delivery, and solutions development "centers of expertise" designed to leverage existing skill sets and talents to the best advantage of FTS. This concept establishes 13 Client Support Centers (CSC) and a few Solutions Development Centers (SDC) to support FTS clients nationwide. The CSC's are profit/loss centers. In 11 regional locations, CSC's provide one-stop shopping service to clients in an assigned geographic region. There are also two national centers that serve clients requiring information security or large systems integration projects expertise. CSC's provide their clients access to all FTS products and

services and offer a value-added acquisition and technical service to determine the best solution for the client's IT needs. The SDC's are also profit/loss centers, but their mission is to award and administer master contracts for use by the CSC's. This concept has been implemented nationwide with the establishment of all CSC's and three SDC's to date. FTS will continue to promote its brand name programs under this concept. The four major programs in the IT Solutions business line are comprised of: Regional IT Solutions [includes Federal Information Systems Support Program (FISSP) and the Federal Acquisition Support for Technology (FAST) Program], the Federal Integration and Management Center (FEDSIM), the Federal Computer Acquisition Center (FEDCAC), and the Office of Information Security (OIS).

FISSP provides agencies with systems definition and design, business and scientific software services, computer security studies and risk analyses, facilities management, and other related services through contracts with regional private sector vendors. Revenues in this area increased by 13% in FY 1998. Continued growth will be generated from the new Applications 'n Support for Widely-diverse End User Requirements (ANSWER) contract anticipated for award in the second quarter of FY 1999.

FAST is a regional program designed to enable federal agencies to quickly purchase commercial off-the shelf information technology software, equipment and non-complex services. It offers the federal customer products and services, plus the "value-added" complement of contracting services support. It focuses on shortest time, lowest cost, and highest quality as a composite procurement approach. The program's success relies on quick contracting solutions, to include 1) GSA's multiple-award schedule (MAS); 2) government-wide contracts (GWACS) for specialized buys; 3) multiple award 8(a) contractors for small businesses; and 4) non-competitive definite quantity

General Services Administration INFORMATION TECHNOLOGY FUND

contracts. The procurement strategy will afford 8(a) firms opportunity to develop new business. The 8(a) contracting revenues increased by 70% in FY 1998, and all regional ordering offices have increased 8(a) revenues in the past three years. These are clear indications that more clients are being offered 8(a) services than ever before.

FEDSIM is a national program which helps agencies acquire and use information systems and information technology, including hardware, software, maintenance, training and analyst support and focuses on large, complex systems integration efforts. FEDSIM revenues increased by 83% in FY 1998, largely because of its highly successful "9600" systems integration multiple award contract. Fifty task orders have been awarded under the contract to date with an average estimated task order value of \$15M and an average time to award of less than 8 weeks. The speed and efficiency of the task ordering process has resulted in extraordinary savings in both acquisition time and costs. The largest task order awarded under the contract was \$192M for the U.S. Agency for International Development. In FY 1998, FEDSIM continued its support to the small business community and expects to exceed its FY 1997 record by 33%, by obligating more than \$384M to 166 small businesses.

FEDCAC delivers full-service management of computer acquisitions worth more than \$100 million and conducts full and open competitions for contracts required by FTS customer support centers nationwide. FEDCAC's achievements include the FBI's Fingerprint Identification System, the State Department's mainframe upgrades, the Agriculture Department's Forest Service Automation System, the National Institute of Health's Computer Facilities Acquisition, and the Department of Energy's Telecommunications System. Another innovative contract offered by FEDCAC is the Virtual Data Center Services contract, which provides data processing outsourcing services to Federal agencies, and offers a quick,

low-cost alternative for obtaining commercial data processing services. FEDCAC also awarded FTS' Seat Management contracts to eight vendors and works with the Seat Management Program Office to provide desktop computing as a comprehensive service.

OIS provides worldwide information systems and infrastructure security solutions to all U.S. Government departments and agencies. OIS also supports the security needs of our nation's allies, in the conduct of classified, sensitive, diplomatic or military missions. The Federal Computer Incident Response Capability (FedCIRC), a pilot program operated by the Department of Commerce's National Institute of Standards and Technology (NIST), moved to OIS effective October 1, 1998, and became a fully operational program. Using Carnegie Mellon University's Computer Emergency Response Team Coordination Center as the operational core, FedCIRC will seek to repair and protect information and components of the nation's critical information infrastructure from information technology security related events. In conjunction with GSA's Office of Governmentwide Policy, OIS also manages the Access Certificates for Electronic Services (ACES) Project, which aims to deliver public key certificates to the general public as a way of facilitating secure access to government services. FTS will release a contract for services, that will use public key infrastructure certificates as the enabling technology, to provide end-to-end security of information in terms of confidentiality, integrity, and proof of origin, for both the private citizen and government.

All programs under the IT Solutions business line are non-mandatory and fully reimbursable. Exhibit 4 on the next page, illustrates that the demand for IT Solutions services has increased dramatically over the past few years.

General Services Administration INFORMATION TECHNOLOGY FUND

IT Solutions Revenue

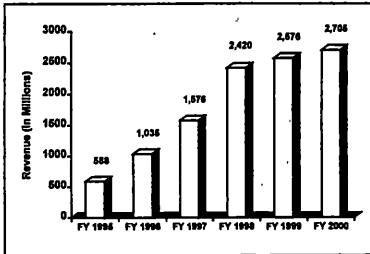


Exhibit 4. IT Solutions Revenue

FY 2000 PERFORMANCE PLAN

The FTS leadership team developed the FTS FY 2000 Performance Plan during a time of dramatic change and transition. The pace of change FTS experienced in the last two years with telecommunications deregulation, acquisition reform, increased competition, and staff reductions will continue to affect our performance as we move into the new millennium.

Our plan concentrates on six basic performance measures that support the FTS mission and vision and are directly linked to GSA's Strategic Goals to "Promote Responsible Asset Management, Compete Effectively for the Federal Market, Excel at Customer Service, and Anticipate Future Workforce Needs."

FTS' business lines are monitored on a continual basis against the following six essential performance measures: employee satisfaction, financials, market share, customer satisfaction, stakeholder relations, and acquisition cycle. The following discussions show how the FY 2000 Performance Plan relates to GSA's Strategic Goals.

Promote Responsible Asset Management

The FTS community will conduct itself with the highest integrity, provide more value to our customers, be more responsive in meeting customer needs, and be the best in the world at what we do. To do this, we need to provide employees with the requisite skills to serve our customers, accomplish our mission, and achieve our vision. Our employees are the key to the success of the FTS organization. To compete and be the provider of choice, we must create a climate wherein employees can be creative, grow, have new opportunities, and be prepared for the future. At FTS, our "People First" initiatives focus on skills, recognition, and technology to help our employees deliver world class service to our customers. In the spring of FY 1998, GSA conducted a new culture survey that gave employees an opportunity to express their opinions about working at GSA and their views on practices that affect organization effectiveness. This survey was designed to use instruments that focus on quality of work life and organizational performance issues. The results of the FY 1998 survey have been compiled and communicated to all employees. FTS achieved an average score of 4.7 (on a scale of 1 to 7) on the survey. With a GSA-best response rate of 68%, FTS organizations are currently implementing initiatives to maintain favorable scores and to improve low scores. A sample of activities includes regular management-employee meetings, electronic newsletters and discussion groups, renewed rewards and recognition initiatives, and performance improvement teams. FTS' top three positive scores were in the Work Satisfaction, Customer Focus, and Use of Technology categories. FTS' goal for FY 1999 is to achieve at least a 70% agree rate on survey items.

Financial management is also an essential performance measure of the success of our organization. Sound financial management practices permit management to effectively analyze programs, and ensure a system of

General Services Administration INFORMATION TECHNOLOGY FUND

accountability that focuses the organization on sound business decisions. Over the last 3 years, the revenue that flows through the IT Fund has grown almost 70%. FTS is committed to retaining its current customers and adding new customers in the future. Exhibit 5 below illustrates the projected future growth of IT Fund revenues. The non flow-through business volumes represent payments made directly to the vendor by the customer agencies.

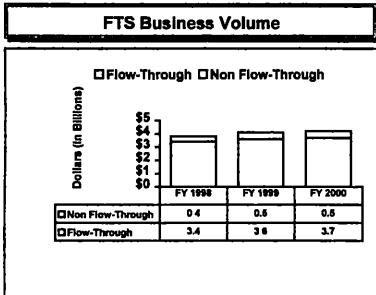


Exhibit 5. FTS Business Volume

Compete Effectively for the Federal Market

FTS is committed to being the provider of choice for information technology by delivering consistently high quality and best value. FTS provides quality products and services at competitive prices, achieving significant savings to the taxpayer. As the Federal Government downsizes, agencies are looking to FTS to provide solutions to their information technology needs and telecommunications requirements.

FTS expects this trend to continue, and has set a goal of acquiring 25 percent of the Federal Information Technology (IT) market of \$20 billion, or \$5 billion by the year 2002. Exhibit 6 illustrates FTS' current share of the Federal IT market and our future goal. OMB Exhibit 43, Report on Obligations for Information Technology, was used as a basis for measuring the Federal IT market. FTS strives to position itself to have the largest market share of

customers to capitalize on the economies of scale in procuring services for them.

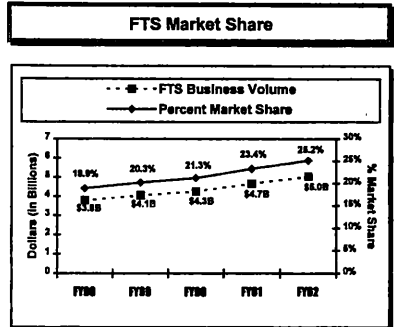


Exhibit 6. FTS Market Share
Based on OMB Exhibit 43 (20 Billion Government-Wide)
Market Share = Equipment + Software + Services + Support Services
(Supplies + Personnel + Other (not included))

Excel at Customer Service

To succeed, FTS must be totally committed to serving our customers. As a revenue-driven organization, we must retain our current customers and develop new ones. This becomes even more important as we become a totally non-mandatory provider of IT products and services. Pursuing market share requires that we excel at customer service and provide quality products and services at competitive prices. It also requires that we provide Federal agencies with information on our products and services. We want our customers to be educated consumers so that they can do comparison shopping and make informed decisions regarding the best source to meet their needs.

In July 1997, FTS conducted its first FTS-wide customer satisfaction survey. Because of the size of the sample response, the results focused on the Network Services side of the organization. A new survey is being administered in February 1999, with results to be made available by April. Data will be collected for the IT Solutions business line

General Services Administration INFORMATION TECHNOLOGY FUND

to obtain a baseline of customer satisfaction. FTS' goal for customer satisfaction is 95-percent in the areas of timeliness, quality, responsiveness, and price for all its programs.

Stakeholder relations are also a key performance measure for FTS. We are currently developing a measure to indicate the level of satisfaction from Congress, oversight agencies and industry. For industry, FTS is evaluating options for data collection and baseline setting to monitor performance with this new measure. FTS may use a combination of focus group surveys, and an annual industry survey of representative industry stakeholders. Stakeholders are critical to FTS' success and we value working with them in partnership to assist us in providing the best value to our customers.

Anticipate Future Workforce Needs

FTS is committed to serving its customers with leading edge technology and streamlined and innovative acquisition practices. In FY 1999, the findings of the strategic analysis report of FTS' business will be used to identify new technology service offerings. New offerings, growth through improved information outreach efforts, and program specific recommendations are being reviewed. The outcome will be used to identify specific initiatives to meet the needs of the Federal workforce. Service offerings currently underway include:

The Virtual Data Center Services contract, which was awarded within three and one-half months after the RFP was issued, allows agencies to outsource their data center operations and order a full array of mainframe based data processing services. The first task order for the Department of Education (DOE) was awarded in less than eight weeks and saved the Department 70% of their previous costs. Task orders for additional DOE sites are under development at this time. This innovative contract expedites the acquisition process,

reduces procurement costs, utilizes volume-buying power, and provides our customer agencies greater flexibility to seek better-priced options to meet their needs.

The Seat Management contracts, worth a maximum of \$9 billion over 10 years, were recently awarded to eight prime contractors. One of these prime contractors is a small-disadvantaged business and another is a woman-owned business. Each prime contractor team includes small, small-disadvantaged, and women-owned business partners. These contracts will provide desktop computing as a pure, non-owned service that encompasses the hardware, software, connectivity, management, operation, and maintenance of the desktop environment and its associated network infrastructure.

The current Washington Interagency Telecommunications System (WITS) contract expires in July 1999. The new contract, tentatively referred to as WITS2001, is scheduled for award during the fourth quarter of fiscal year 1999. WITS2001 will provide a wide range of up-to-date and cost-effective telecommunications and data services to all Federal agencies and authorized users in the Washington, D.C. metropolitan area. It will offer agencies Internet- and Intranet-oriented services and access arrangements. Data services such as circuit switched data, dedicated transmission, asynchronous transfer mode, frame relay, and switched multi-megabit data will also be offered. In addition, the contract will incorporate new, innovative services as they become commercially available, ensuring that WITS2001 keeps pace with evolving technology. WITS2001 will use the Government's significant investment in network assets, while increasing its use of contractor-provided services. The contractor will use and maintain Government-furnished equipment, as well as its own, to provide service to all Federal customers in the Washington, D.C. metropolitan area on an indefinite delivery, indefinite quantity basis.

General Services Administration WORKING CAPITAL FUND

MISSION

The Working Capital Fund (WCF) is a fully reimbursable revolving fund that economically finances administrative support services to GSA and other Federal organizations. The following describes some of the specific services provided through the WCF, arranged according to their funding sources.

THE BUDGET IN SUMMARY

The total Working Capital Fund program level for fiscal year 2000 is estimated to be \$275 million. The total full-time equivalent (FTE) positions requested for all activities is 1,368.

Centralized Administrative Support

Centralized Administrative Support functions represent the largest portion of the WCF. These services are provided to internal GSA customers, and include agency-wide functions such as finance, budget and accounting support, personnel administration, facilities management, acquisition policy, and legal services. The purpose of centralizing administrative support functions are to achieve economies of scale, thereby reducing costs and increasing operational efficiencies, and to enable GSA's program areas to focus on and accomplish their goals.

Chief Financial Officer

A large part of the Centralized Administrative Support activities of the WCF are managed by the Office of the Chief Financial Officer (CFO). This organization is responsible for providing accounting, budget, financial management, financial systems support and oversight, and audit follow-up and evaluation. The Office of the CFO also provides agency direction and coordination for GSA's strategic planning and perform-

ance measurement activities. The CFO manages financial operations on a scale comparable to a Fortune 100 company. GSA's financial statements have been audited for the past eleven years and have earned unqualified opinions each year. This standard of excellence is unmatched by any other large Federal agency.

Chief Information Officer

The Office of the Chief Information Officer (CIO) is responsible for applying state-of-the-art information technology to achieve GSA's business goals and to support Agency programs. The CIO is the principle adviser to the GSA Administrator and to all GSA offices on business related information.

The CIO ensures the best possible return on GSA's technology investments by working with the Agency's top leadership through the Business Technology Council. This group of high-level GSA executives serves as a guide for GSA's information technology (IT), capital planning and investment process. In fiscal year 1997, GSA was the first agency to publish its own capital planning and investment model. GSA's information technology capital planning and investment process strengthens the link between capital planning, IT investment and the agency budget process as well as providing a mechanism for reporting on IT activity agencywide.

Chief People Officer

The Office of Chief People Officer was created in fiscal year 1998 to emphasize the importance of employees to the agency's success. This office provides personnel and labor-relations services, employee development and incentive programs, administrative support and facilities management. The Chief People Officer also manages the agency's management

General Services Administration WORKING CAPITAL FUND

intern program and works with the GSA Technology Council to establish an electronic document management system.

General Counsel

The Office of General Counsel provides legal support to GSA's programs and ensures that the Agency meets its public policy responsibilities. These activities include legal advice and services, procurement support, ethics and equal employment opportunity, and support for small, minority and women-owned businesses.

Other Centralized Administrative Support Activities:

The Office of Enterprise Development promotes increased access to GSA's nationwide procurement opportunities. The Office of Enterprise Development is the lead office in a nationwide network of regional Business Service Centers (BSC's). The BSC's are a resource aid for small businesses seeking contracting opportunities with the Agency. The BSC's provide information, assistance, and counseling to private sector concerns seeking to do business with the Government. The BSC's coordinate and promote small and disadvantaged businesses, and women-owned businesses.

GSA's Regional Acquisition Management (RAM) responsibilities include ensuring compliance with applicable statutes, regulations and directives, related to GSA's contract management activities.

The Office of Equal Employment Opportunity develops, implements, monitors, and evaluates GSA's agency-wide equal employment opportunity program (EEO) that creates a work environment free from discrimination.

Regional Focus

GSA's customer operations support is accomplished primarily through its 11 regional offices, where GSA provides housing and real estate services, supplies, telephones and telecommunications, fleet services, and property management for Federal installations in the regions. Centralized Administrative Support offices in the regions work in concert with Agency program offices to provide support to help facilitate their mission.

Other Reimbursable

These activities provide administrative services for non-GSA clients similar to those described under "Centralized Administrative Support," including accounting, payroll, budget, personnel and procurement. Customers include small agencies and Presidential committees and commissions.

Other Reimbursable activities also reflect the financial transactions for: (1) administrative support for the Inspector General Criminal Investigators Academy provided by the GSA Inspector General; (2) GSA Centralized Charges; and (3) cost of internal GSA information technology support provided by the Chief Information Officer.

HIGHLIGHTS

New Accounting System (PEGASYS): In fiscal year 1996, the CFO began the process of replacing the current core financial management system, which is to be completed in late 2001. The project is well underway and will include functional areas such as: funds management, accounts payable, accounts receivable, general ledger, cost management, reporting, online access to financial information, source data entry, and web enabled technology.

General Services Administration WORKING CAPITAL FUND

Electronic Processing: GSA continues to emphasize Electronic Commerce in its billing and payment functions. During fiscal year 1998 over half of all disbursements, and 34% of all invoices, were paid electronically. GSA's credit card program, which receives electronic vendor invoices, continued to increase in FY 1998. These percentages will increase further as more vendors provide electronic invoices.

Payroll System: Through the fourth quarter of fiscal year 1998, GSA provided payroll services for an average of 14,582 GSA employees and 10,318 clients at a production support ratio of 800 clients payrolled per FTE. The Direct Deposit Program for employee payroll continues to maintain its upward trend. Approximately 97% of GSA's employees are paid by electronic funds transfer (EFT), and future years are expected to have near 100% participation.

Performance Reviews: Under the Government Performance and Results Act of 1993, the CFO coordinates an agency quarterly General Performance Review of financial operations, performance measures, customer service, and progress in implementing audit recommendations. The CFO helps develop performance measures for all GSA business lines.

GSA Intranet: The GSA Chief Information Officer provides ongoing management for *Insite*, GSA's internal on-line communications system and gateway to the Internet. *Insite* offers GSA employees daily updates on issues and events, press releases, a telephone directory, document library, and information on employee benefits and retirement systems, travel and safety. This Intranet is also becoming the backbone of our business and information operation.

Office of the Chief People Officer: The premier initiative currently ongoing in the area of human resources is the design, de-

velopment and implementation of the Comprehensive Human Resources Integrated System (CHRIS). CHRIS is a fully integrated human resources system including an interface with the Office of Finance payroll system. CHRIS will enable GSA to provide up-to-date information on personnel matters to our customers.

The Office of Enterprise Development: In FY 1998, GSA exceeded its small business goals with small business contracting dollars totaling a record-high \$3 billion, 7% more than the fiscal year 1997 total of \$2.8 billion. The \$3 billion in GSA contracts for small, small disadvantaged and women-owned small businesses in fiscal year 1998 constituted 40% of all GSA contract obligations reported to the Federal Procurement Data Center for fiscal year 1998. This amount includes \$256 million for women-owned small businesses, and \$790 million for minority-owned small businesses, up 52%, and 6% respectively, over fiscal year 1997 results.

Regional Support Ventures: Much of GSA's experimentation with innovative or pilot programs is conducted through the regions. Regional reinvention activities have brought about programs that have been adopted nationwide.

Census 2000: The Bureau of Census (BOC) and GSA have agreed to partner to support the BOC's mission through the provision of temporary offices and related services required to conduct and control Decennial Census field data collection operations. In this Partnership (i.e., "Joint Venture 2000"), GSA is to provide logistical support to establish and sustain Decennial operations to include space acquisition, telecommunications, furniture, supplies, office equipment, tracking and cost reporting, and property disposition.

**General Services Administration
WORKING CAPITAL FUND**

\$(Thousands)

	FY 1998 Actual	FY 1999 Current	FY 2000 Request	FY 2000/1999 Change
Revenue				
Operating Programs:				
Administrative Support	\$125,883	\$131,831	\$136,719	+\$4,888
Other Reimbursable	89,157	130,206	134,771	+4,565
Subtotal	\$215,040	\$262,037	\$271,490	+9,453
Obligations				
Operating Programs:				
Administrative Support	\$123,667	\$131,831	\$136,719	+\$4,888
Other Reimbursable	90,247	130,206	134,771	+4,565
Subtotal	\$213,914	\$262,037	\$271,490	+9,453
Major Equipment Acquisition and Development	5,574	11,500	4,000	-7,500
Total Obligations	\$219,488	\$273,537	\$275,490	+\$1,953
Total Employment	1,396	1,337	1,368	+31

EXPLANATION OF ESTIMATES

The fiscal year 2000 operating program level provides for increases of: (1) \$500 thousand and 5 FTE for Joint Financial Management Improvement Program (JFMIP) Executive Direction support; (2) \$3,000 and 5 FTE for the JFMIP Program Management Office; (3) \$2,104 and 16 FTE for the transfer of funding for internal GSA acquisition policy support; (4) \$780 thousand and 10 FTE for the transfer of administrative support functions from the Office of

Governmentwide Policy to the Office of the Chief Financial Officer; (5) \$3,919 thousand for increased salary costs. These increases are partially offset by a reduction of \$850 thousand for the upgrade and replacement of personal computers that will take place in fiscal year 1999; and a reduction of \$7,500 thousand in the Major Equipment Program. These changes result in a net increase of \$1,953 thousand over fiscal year 1999.

**General Services Administration
WORKING CAPITAL FUND**

Explanation of Budget Changes \$(Thousands) Obligations	
FY 1999 Current Level	\$273,537
Joint Financial Management Improvement Program (JFMIP) Executive Direction ..	+500
JFMIP Program Management Office	+3,000
Internal GSA Acquisition Policy Administrative Support	+2,104
Office of Governmentwide Policy Administrative Support	+780
Increased Salary Costs	+3,919
Decrease for FY 1999 Upgrade and Replacement of Personal Computers	-850
Reduction in Major Equipment Acquisition and Development Program Level	-7,500
FY 2000 Budget	\$275,490

General Services Administration WORKING CAPITAL FUND

WORKLOAD/PERFORMANCE MEASURES

Workload measures are provided for the Offices of Management and Workplace Programs and the Office of the Chief Financial Officer. GSA provides support

services to members of Congress for their State and District offices. The support services provided for members of Congress continuously fluctuates and is dependent upon various factors, e.g., election results, office space and location, constituent activity, etc.

Centralized Administrative Support

Administrative Programs and Support	FY 1998 Actual	FY 1999 Current	FY 2000 Request	FY 2000/1999 Change
a. Congressional offices supported	1,410*	1,425*	1,440*	15
b. FOIA requests processed	2,275	2,200	2,200	0

Office of the Chief Financial Officer

Office of the Chief Financial Officer	FY 1998 Actual	FY 1999 Budget	FY 2000 Request	FY 2000/1999 Change
Financial Management and Accounting				
a. Discounts Earned	94%	92%	92%	0%
b. Interest paid per million disbursed	\$102.45	\$100	\$100	0%
c. Percentage of employees paid by electronic funds transfer	97%	100%	100%	0%
d. Percentage of dollars disbursed electronically	56%	65%	80%	23.1%
e. Percentage of invoices paid electronically	34%	65%	80%	23.1%
f. Percentage invoices received electronically (EDI)	8%	30%	35%	16.7%
g. Percentage of the number of vendor payments made on time	94%	95%	95%	0%
h. Invoices and billings processed	2,040,300	2,060,000	2,170,000	5.3%
i. Invoices processed per FTE	10,600	10,858	11,700	6.4%
j. Average number of employees payrolled 1/	24,900	29,718	29,900	2.4%
k. Employees payrolled per FTE	800	917	1,000	11.0%

1/ Includes small agencies and commissions: fiscal year 1998, 10,318; fiscal year 1999, 15,318; fiscal year 2000, 16,044.

**General Services Administration
WORKING CAPITAL FUND**

WORKING CAPITAL FUND Obligations by Object Class \$(Thousands)			
	FY 1998 Actual	FY 1999 Current	FY 2000 Request
Personnel Compensation:			
11.1 Full-time permanent	\$66,698	\$68,316	\$73,828
11.3 Other than full-time permanent	697	440	462
11.5 Other personnel compensation	<u>7,973</u>	<u>628</u>	<u>757</u>
11.9 Total personnel compensation	\$75,368	\$69,384	\$75,047
12.1 Civilian personnel benefits	31,335	33,969	35,388
13.0 Benefits for former personnel	1,690	1,510	1,606
21.0 Travel and transportation of persons	2,341	2,321	2,387
21.0 Motor Pool	106	140	150
22.0 Transportation of things	287	599	611
23.1 Rental payments to GSA	10,450	11,908	12,547
23.3 Communications, utilities, and misc. charges	20,014	18,471	18,826
24.0 Printing and reproduction	5,479	4,595	4,865
25.2 Other services	57,899	98,881	87,008
25.3 Purchase of goods & services	55	22,475	28,557
26.0 Supplies and materials	2,962	2,011	2,130
31.0 Equipment	11,502	7,273	6,368
99.9 Total obligations	\$219,488	\$273,537	\$275,490

General Services Administration ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

BACKGROUND

The appropriation for Allowances and Office Staff for Former Presidents provides for an annual pension and compensation of office staffs and other related operating expenses for each former President pursuant to P.L. 85-745, as amended. The annual pension and cost of franking privileges for the widow of former President Johnson are also funded in this appropriation.

THE BUDGET IN SUMMARY

The FY 2000 budget request allows GSA to carry out the provisions of the Former Presidents Act at a level commensurate with that of the previous fiscal year.

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS \$(Thousands)

	FY 1998 Actual	FY 1999 Current	FY 2000 Request	FY 99/FY 00 Change
Former Presidents	\$2,036	\$2,241	\$2,241	
Total Budget Authority	\$2,036	\$2,241	\$2,241	
Net Outlays	\$1,985	\$2,195	\$2,195	

EXPLANATION OF ESTIMATES

The budget request reflects no increases or decreases to the previous years level.

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS Explanation of Budget Changes \$(Thousands)	
FY 1999 Current Level.....	\$2,241
FY 2000 Budget Request.....	\$2,241

General Services Administration
ALLOWANCES AND OFFICE STAFF FOR FORMER
PRESIDENTS

ALLOWANCES AND OFFICE STAFF, FORMER PRESIDENTS Obligations by Object Class \$(Thousands)				
		FY 1998	FY 1999	FY 2000
		Actual	Current	Request
11.8	Special personnel service payments	<u>381</u>	<u>384</u>	<u>384</u>
11.9	Total personnel compensation	381	384	384
12.1	Civilian personnel benefits	86	94	92
13.0	Benefits for former personnel	624	628	628
21.0	Travel and transportation of persons	87	135	135
23.1	Rental payments to GSA	557	583	615
23.3	Communications, utilities and misc.	105	131	126
24.0	Printing and Reproduction	42	37	33
25.2	Other Services	57	180	155
26.0	Supplies and materials	40	44	48
31.0	Equipment	57	25	25
Total Obligations		2,036	2,241	2,241

FY 2000 OMB BUDGET
GENERAL SERVICES ADMINISTRATION
ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

FY 2000 REQUEST						
FORMER PRESIDENTS						
\$(THOUSANDS)						
FORD	CARTER	REAGAN	BUSH	WIDOWS	TOTAL	
Personal Compensation.....	96	96	96	0	384	
Personnel Benefits.....	24	24	39	0	92	
Benefits for Former Personnel:						
Pensions.....	152	152	152	20	628	
Travel.....	50	2	57	0	135	
Rental Payments to GSA.....	99	285	138	0	615	
Communications, Utilities and						
Miscellaneous charges						
Telephone.....	17	15	18	0	78	
Postage.....	2	10	12	2	48	
Printing.....	3	14	8	0	33	
Other Services.....	14	44	18	0	155	
Supplies & Materials.....	9	20	9	0	48	
Equipment.....	5	3	8	0	25	
Total Obligations.....	471	504	555	22	2,241	

General Services Administration OFFICE OF INSPECTOR GENERAL

MISSION

The Office of Inspector General (OIG) was established by the Inspector General Act of 1978 as an independent unit, charged with responsibility for promoting economy, efficiency, and effectiveness and detecting fraud, waste, and mismanagement in GSA's programs and operations. This is accomplished primarily through a comprehensive, nationwide audit and investigative program covering GSA's internal operations and external contractors.

The OIG's primary operational components consist of the:

Office of Audits - a multidisciplinary staff of financial and technical experts who provide audit coverage of GSA's internal operations and external contractors;

Office of Investigations - an investigative unit that manages a nationwide program to detect and prevent illegal and improper activities involving GSA programs, operations, and personnel; and

Office of Counsel to the IG - an in-house legal staff that provides advice and assistance to all OIG components, represents the OIG in connection with audits and investigations, and in litigation arising out of or affecting OIG operations, and handles legislative matters.

Office of Administration

These components are supported by the Office of Administration which provides budget, personnel, computer, and other support services; and the Internal Evaluation Staff that directs an in-house assessment program including field office appraisals and is responsible for internal affairs reviews of OIG operations. Through its programs and operations, the OIG

supports GSA's overall mission to improve the effectiveness of the Federal government by creating a high quality work environment for its employees.

The commitment by both the President and the Congress to achieve a more effective and cost efficient government brings with it significant transformations in how most federal agencies operate. GSA is no exception. Certainly, the agency will continue to oversee the management of the Federal government's buildings; regulate the acquisition, use, and disposition of property; and coordinate Federal telecommunications. However, the nature of GSA's oversight, regulatory, and coordination roles has been and will continue to be evaluated and analyzed. Confronting the agency will be reform efforts seeking innovative approaches to accomplishing its mission. These efforts will include laws, policies, and regulations that propose to substantially reform its existing activities and streamline the work processes to provide better services and product delivery and reduce the complexity of GSA's oversight mechanisms.

The OIG's mission provides it with a unique ability to objectively evaluate agency operations, and assist the agency in incorporating the results of those evaluations into GSA's policy making processes. We will increasingly focus our efforts on assisting the agency in adopting business-like practices, streamlining its organizations, cutting overhead and unnecessary costs, and reengineering its work processes to deliver quality goods and services to its customers. The OIG will also assist the agency by identifying and mitigating vulnerabilities, particularly those resulting from changes in the Agency's methods of doing business and from

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changing legal and administrative requirements in an effort to maximize support provided to GSA as it continues to transform.

Specifically, the OIG has identified three strategic goals aimed at aligning our activities so that they are consistent with GSA's strategic goals and business objectives.

Strategic Goal No. 1 - Identify opportunities for increased economy and efficiency in agency operations and assist agency management by identifying, recommending, and developing appropriate management improvements.

Strategic Goal No. 2 - Protect the integrity of GSA programs and operations by detecting and responding to waste and wrongdoing and by identifying and mitigating vulnerabilities, particularly those resulting from changes in the Agency's methods of doing business and from changing legal and administrative requirements.

Strategic Goal No. 3 - Improve the delivery of the OIG work product.

ACTIVITIES

The OIG will accomplish its mission by several methods:

- 1) Conducting independent audits of GSA's programs and internal operations to identify opportunities for improvement;
- 2) Conducting independent audits of GSA's contractors to ensure GSA and the Federal customer are getting the best value for the taxpayers' dollar;
- 3) Conducting investigations of GSA's programs and operations when

circumstances indicate potential fraud or mismanagement;

4) Working with GSA management to identify and implement operational improvements to GSA's internal management processes and to develop entrepreneurial and competitive business practices designed to increase the quality and timeliness of GSA's services;

5) Working with GSA management and employees to ensure that appropriate internal controls and measures are in place to help optimize the performance of the Agency's mission;

6) Working with GSA managers and employees to increase their knowledge and awareness of fraud to reduce and prevent its occurrence in GSA's programs and operations.

BUDGET IN SUMMARY

In FY 2000, the OIG will continue to provide audit and investigative services across the broad spectrum of GSA's activities. During FY 2000, we will continue to commit substantial audit resources to program evaluation reviews of GSA's major operations. We will also focus our investigative efforts on detecting and preventing fraudulent activity in GSA's procurement, contracting, property disposal, and leasing activities.

The Office of Inspector General requests a \$33.87 million direct appropriation supporting 297 FTE's for FY 2000. This includes funding for the mandated availability pay requirement for criminal investigators.

Approximately 91% of the OIG's staff resources will be devoted directly to our audit and investigative efforts: 61% to our audit program; 25% to our investigative

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efforts; and 3% to the Counsel to the Inspector General for direct support of both audits and investigations. The remaining resources are for overall administrative, personnel, and ADP systems support.

The OIG will continue to seek better ways to provide a high level of service to GSA by: identifying and implementing internal steps to improve, eliminate and reduce our administrative requirements; working smarter through quality management initiatives; and focusing on customer service and satisfaction.

Office of Audits

The Office of Audits is a highly skilled, evaluative organization that applies its professional skills in examining GSA programs, financial systems, and contractual arrangements to enhance the economy, efficiency, and effectiveness of these activities.

Since 1994, the Office of Audits has been engaged in a major reengineering program of continuous change designed to broaden the services it provides to its clients, increase the value derived from its services, and enhance its own operational efficiency. The Office's overriding objective for this initiative is to ensure that it is in the best possible position to help GSA become a more effective, competitive, and customer responsive service organization.

Central to this theme has been an increased focus on the performance of program evaluations. This activity commits substantial resources to the detailed study of major GSA programs. Evaluation reviews provide GSA management with an independent assessment of how well a program is meeting its mission and point out specific activities or practices affecting program outcomes where improvement

may be effected. This kind of audit has produced significant information used by GSA managers to streamline and reorganize business activities.

Complementing the program evaluation effort is a newer service, advisory reviews. In this activity, we seek to obtain information from public and private sector sources which can be used as a benchmark to gauge how well GSA is performing similar services or functions. This research effort also collects information regarding trends, techniques, and processes others consider to be the best practices for specific programs or activities. This information is provided to GSA managers to assist them in ensuring that GSA operations are maintaining state-of-the-art approaches. As with our work in program evaluations, our focus is on helping the agency identify opportunities to build upon its successes and better serve its clients and the taxpayers.

The most recent addition to the Office of Audits product line is consulting services. This activity provides GSA managers with a ready source of professional services to help the manager address a specific issue, conduct research or conduct options analysis. All work is performed in rapid response fashion and is advisory in nature. Like other OIG services, it is a tool available to managers to assist them in improving their operations. Although this is a new program, it has rapidly gained favor, and produced several products which have improved agency programs and service delivery.

None of this is to suggest that we have stepped away from our more traditional audit roles. One traditional area receiving additional emphasis is the testing of management controls and safeguards built into programs and systems to ensure they

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function as intended. These audits primarily focus upon determining that controls are working and providing reasonable safeguards over resources and seeing that GSA is fulfilling Congressional imposed requirements. We also recognize the importance of ensuring that program managers are thoroughly familiar with the concepts and applications of internal controls and why they are critical to effective program delivery and successful outcomes.

We believe control systems are becoming more important in an evolving work environment which calls for fewer supervisors, more decentralization of authority, and empowerment of the individual. The Office of Audits will work closely with senior management to share our expertise in internal controls with program personnel throughout the Agency.

The Office of Audits will also continue its major program efforts to help ensure that GSA exercises its stewardship responsibilities over taxpayer resources. Guided by the requirements of the Chief Financial Officers Act, annual audits are performed of GSA's consolidated financial statements, financial systems, and related internal controls. This audit responsibility includes validation of key program performance measures reported in the narratives accompanying the financial statements.

As a major procurement agency within the Federal Government, GSA annually awards billions of dollars in contracts for goods and services. The Office of Audits will continue to support the contract program. Newer procurement initiatives of the agency reduce the numbers of contracts the agency plans to award annually. Primarily, this will be achieved by extending the life of individual contracts, some for up to ten

years. Because of this change, we expect to perform fewer contract audits in FY 2000 than in years past. Nevertheless, when appropriate, we will audit vendors' records and develop financial information needed by contracting officers to negotiate favorable pricing agreements. In recent years, these audit services annually covered \$1-2 billion in contract actions and resulted in avoidances and recoveries in the range of \$150-200 million per year.

We anticipate that for FY 2000 the monetary values of recoveries will remain consistent with FY 1998 and FY 1999 levels. These projected recoveries for FY 2000 are shown on the attached performance charts. The reduction in our level of contract auditing in no way lessens our commitment toward ensuring that GSA procurements are based on sound business decisions and established at fair and reasonable prices.

The Office of Audits' primary product is information aimed at helping management achieve more positive outcomes, such as better customer service, lower operating costs, lower contract prices and better control over resources. Benefits from audits in some instances are readily measurable because they produce directly quantifiable monetary results. Other audit products include systems assessments, benchmarking, internal control reviews and other consulting efforts that, while offering the potential for greater long-term efficiencies and program effectiveness, do not usually produce results that lend themselves to specific measurement. We believe, however, that audit work in these broader programmatic areas offers the best avenues for us to make the greatest contributions toward the advancement of GSA systems and delivery of services.

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Because these more-difficult-to-measure kinds of audit services are the expanding part of our practice, we are focusing on this issue in our strategic planning process. We have recognized that true success of our efforts can best be defined in terms of agency successes. Our goal is to influence agency management to take those steps which protect program integrity, and make service delivery more efficient and less costly. Because achieving these goals requires a true partnership between the OIG and agency management, direct measures traditionally used to evaluate audit activities are far less suitable. In their place, we are working to establish more outcome oriented measures which describe in broad terms key agency programs and functions, and define how we intend to influence their structures, processes and systems. While these measures by their nature are more indirect, we believe that they are, in the long run, a more meaningful standard for evaluating our overall contribution to the agency.

Office of Investigations

The Office of Investigations is responsible for the conduct of criminal, civil, and administrative investigations nationwide. In this regard, the Office of Investigations serves as a fully accredited Federal law enforcement component of the OIG and provides expert investigative services not only to GSA, but to the Department of Justice and to United States Attorneys' Offices throughout the country as well as other Federal agencies.

During FY 2000, the Office of Investigations will enhance its ability to react to changing crime patterns that threaten GSA programs and operations. To make the best use of our investigative resources, we are concentrating our investigative forces on those areas posing the most serious

danger of compromising GSA's public trust and confidence.

Our first priority will be the continuation of reactive investigative operations targeting procurement fraud and related violations, and seeking high impact criminal and civil remedies. These cases often have a high profile within the government contracting sphere and act both as a deterrent to continued violations and as a vehicle for the recovery of financial losses suffered by the government. Second we have identified specific GSA functions and services (e.g., building repair/construction projects, credit card purchases programs, and automated billing/payment systems) which we believe, during the next five years, will be increasingly vulnerable to fraud or abuse as a result of the emerging federal environment of reduced program oversight and control mechanisms. We will initiate proactive investigations both to identify ongoing violations and to position ourselves as a deterrent to any perception that these functions are "ripe" for victimization. Third, we will continue to emphasize our educational initiatives within GSA alerting management and employees to the indicators of fraud against their programs and facilitating and encouraging the reporting of suspected occurrences to this office.

The Office of Investigations will continue to provide high level investigative services to GSA, the Department of Justice, and other agencies. For example, The Office of Investigations provides comprehensive investigative services to the Department of Justice in order that it may make decisions regarding Federal intervention in suits filed by private citizens on behalf of the Government.

Also, as part of our investigative focus, we identify and report to management

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operational deficiencies, breakdowns in program internal controls, systemic weaknesses and other problems which permit improper, illegal, and wasteful actions to occur.

For FY 2000, we believe our level of reactive investigative results (indictments,

convictions, monetary recoveries) will remain generally stable; however, by working to better target our investigative efforts we believe we can have an increasingly significant positive impact on protecting the integrity of GSA's programs and operations.

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\$(Thousands)**

	FY 1998 Actual	FY 1999 Current	FY 2000 Request	FY 99/00 Change
Direct Program:	33,458	32,000	33,917	+1,917
No-Year Authority	91	12	000	-12
Total Budget Authority	33,549	32,012	33,917	+1,905
Reimbursable Program:	000	150	150	000
Total Direct & Reimbursable	33,549	32,162	34,067	+1,905
Net Outlays	32,483	31,500	33,400	+1,900
Employment (FTE)	280	287	297	+10

EXPLANATION OF ESTIMATE

The net increase of \$1,917 thousand between the fiscal year 1999 direct appropriation and the fiscal year 2000 request reflects increased pay costs and the higher costs of goods and services, plus hiring of additional staff and related support services necessary to meet new and expanded demands for OIG services.

OFFICE OF INSPECTOR GENERAL Explanation of Budget Authority Changes \$(Thousands)	
FY 1999 Current Level	\$32,000
Pay Raise	+900
New Hires	+600
Inflation	+300
Increased Cost of Computer Maintenance and Support	+117
FY 2000 Budget Request	\$33,917

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OFFICE OF INSPECTOR GENERAL Obligations by Object Class \$(Thousands)			
	FY 1998 Actual	FY 1999 Current	FY 2000 Request
Personnel Compensation:			
11.1 Full-time permanent	16,476	19,800	21,100
11.3 Other than full-time permanent	2,889	100	100
11.9 Total personnel compensation	19,365	19,900	21,200
12.1 Personnel benefits	3,965	3,800	3,970
13.0 Benefits for former personnel	424	50	100
21.0 Travel and transportation (direct)	1,498	2,000	2,000
21.0 Travel and transportation (motor pool)	81	90	90
22.0 Transportation of things	34	20	20
23.1 Rental payments to GSA	2,302	2,430	2,430
23.3 Communications, utilities, misc. charges	378	250	250
24.0 Printing and reproduction	52	60	60
25.2 Other services	4,375	2,992	3,367
26.0 Supplies and materials	259	80	80
31.0 Equipment	816	340	350
99.0 Subtotal Direct Obligations	33,549	32,012	33,917
Reimbursable	000	150	150
99.9 Total Obligations	33,549	32,162	34,067

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APPROPRIATIONS LANGUAGE

For necessary expenses of the Office of Inspector General and services authorized by 5 U.S.C. 3109, [\$32,000,000] \$33,917,000: Provided, That not to exceed [\$10,000] \$15,000 shall be available for payment for information and detection of fraud against the Government, including payment for recovery of stolen Government property: Provided further, That not to exceed \$2,500 shall be available for awards to employees of other federal agencies and private citizens in recognition of efforts and initiatives resulting in enhanced Office of Inspector General effectiveness.

Explanation of Change:

Up until this current year, the \$10,000 limit has been sufficient. However, during FY 1999, we have experienced a higher than normal level of activity associated with this limitation. We anticipate that this increase in activity may continue and thus result in the need to exceed the \$10,000 limitation during FY 2000. Therefore the Office of Inspector General requests that the FY 2000 appropriation language be changed to reflect an increase from \$10,000 to \$15,000.

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THE FY 2000 PERFORMANCE PLAN

Over the next 5 years, the OIG will increasingly focus its efforts in areas intended to enhance the management and overall performance of GSA and will increasingly align its activities so that they more directly support the strategic goals and business objectives of the Agency. Moreover, the OIG will identify and assist GSA in mitigating emerging vulnerabilities in an effort to maximize the support it provides to GSA management in this time of reform.

Strategic Goal No. 1

Identify opportunities for increased economy and efficiency in Agency operations; assist management by identifying, recommending, and developing appropriate management improvements.

Discussion

Among the more salient contributions that the OIG can make to the management of GSA is the identification of areas in which focused management reforms would produce greater efficiencies for GSA and substantial savings for the American taxpayers. GSA, like most Federal organizations, developed its organizational structures, business practices, and work systems and procedures many years ago in an environment far different from that of today. The infrastructure of GSA, developed in an era that placed a high value on uniform standards and control mechanisms, must give way to new approaches that will result in greater efficiencies, coordinated service delivery, and a changed perception among both the public and private sector customers working with GSA. The OIG, in its conduct of audits and investigations, has a particular role to play in assisting GSA with

this transformation. The OIG mission provides it with a unique capacity to evaluate the Agency operations with the purpose of systematically placing the results of those evaluations into the policy-making process of the organization.

Anticipated Results

This strategic goal anticipates that the changing focus of OIG operations will accelerate over the next 5 years resulting in a greater number of 1) proactive evaluations of GSA programs, its management structure, and its administrative systems; 2) a greater degree of cooperation with GSA management in identifying areas for in-depth review; 3) a greater number of recommendations accepted and implemented by GSA management; and 4) a substantial amount of savings resulting from this initiative.

OIG managers have identified a number of mission critical program areas and general administrative support issues which should receive priority attention over the next 5 years. OIG initiatives can play a major role in enhancing the efficiency of important GSA programs. Improving the *delivery of products* in the Federal Supply Service (FSS) is mission critical to its competitiveness and overall customer satisfaction. Methods of delivery, management of its inventories, product mix, and management systems all influence the overall success of FSS. The OIG will work with FSS to enhance its current operations. Competitive pressures will force the GSA *leasing function* to shorten the time frame from conception to completion, and to perform the function in a less costly manner while producing "best value" for its customers. Given the nationwide scope of its activities, this will require developing a "national focus" while maintaining a "local touch."

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Similar issues affect the GSA *building operations and services*; however, more attention is to be concentrated on the effectiveness of the service it provides to customers. Without minimizing the differences that exist between commercial and public sector building management requirements, pressures will undoubtedly continue for GSA to meet or exceed commercial building operating practices, so as to increase the overall operating efficiency of the program.

GSA would realize substantial savings by improving its *asset management* and *management information systems* which are two areas of growing importance. Substantial savings and increased efficiencies can result from eliminating inefficient, duplicative, and unreliable internal systems. With respect to Agency-wide information systems in particular, the OIG hopes to encourage GSA management to develop and implement procedures that produce a more integrated approach to management information, focusing on understanding long-term information requirements, eliminating redundancy, and improving the overall quality of information technology systems. In the area of asset management, the OIG will undertake studies to evaluate whether proper stewardship of resources exists and whether resources are being used in productive and efficient ways.

During FY 2000, the OIG will devote approximately \$12.9 million of its requested FY 2000 resources to accomplish the planned outcomes related to this strategic goal.

Anticipated 5-Year Outcomes

1. Improved timeliness, enhanced methods of delivery, and increased

value to the customer associated with the delivery of services in FSS:

2. Reduced cost and time frames, and improved customer perception of value for the GSA leasing function.
3. Improvements in meeting or exceeding commercial building management standards and customer service standards.
4. Increased program efficiency and enhanced decision-making capabilities through better use of technology.

Strategic Goal No. 2

Protect the integrity of GSA programs and operations by detecting and responding to waste and wrongdoing and by identifying and mitigating vulnerabilities; particularly those resulting from changes in the Agency's methods of doing business and from changing legal and administrative requirements.

Discussion

One of the OIG's paramount responsibilities is combating and preventing waste and criminal and civil wrongdoing in GSA programs and operations. This initiative represents the OIG's commitment to develop programs and deploy resources so as to detect and prevent waste, fraud, and other wrongdoing in areas that we have periodically assessed to be most susceptible. While these have long been among the OIG's highest priorities, recent events have given them special importance.

Without questioning the net benefit of introducing more efficient processes in the Federal government, OIG managers are also concerned that the introduction of less

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comprehensive oversight procedures may bring both *decreased* management attention to potential waste and fraud within their operations and an *increased* opportunity for individuals to engage in illegal and improper activities. As the evolving work environment, which calls for fewer supervisors, more decentralization of authority, and more empowerment of the individual, begins taking hold throughout GSA, the OIG emerges as the primary entity within GSA to assess the impact of this transformation. The OIG is concerned that many of the beneficial attributes of reforms designed to produce economy, efficiency, and increased effectiveness may be offset by new or modified practices that create unintended waste and contribute to increased opportunities for fraud.

As part of a comprehensive initiative, the OIG will direct its efforts to protect the integrity of GSA operations by identifying and assessing vulnerabilities associated with the rapidly changing environment. By coordinating efforts throughout the organization, the OIG, over the next 5 years, will focus its expertise in audits and investigations on those areas in which increased vulnerability to waste, fraud, or other wrongdoing may be anticipated. The net effect of this strategic goal is to identify vulnerabilities, increase the awareness of GSA managers regarding the prevention of fraud and waste, improve the detection of and response to corruption, and produce a decrease in the overall level of waste and wrongdoing experienced by GSA beyond that which would be expected if this initiative were not undertaken.

We will focus particular attention on identifying internal control weaknesses and other systemic problems that may emerge and on mitigating any unintended adverse side effects of implementing government reforms.

Anticipated Results

The OIG foresees vulnerabilities emerging in several key areas of GSA operations. Changing external requirements will accelerate downsizing and reengineering efforts and will undoubtedly have a significant effect on operations. The net effect of current acquisition reforms will be to reduce oversight mechanisms and other safeguards built into the procurement process. The expectation is that reduced oversight will promote the evolution of a more cost-effective pricing mechanism -- an expectation based on the assumption that business practices remain fair and equitable. Yet, past experience suggests that when the guard is down, government exposure to fraud and abuse may increase. The OIG will position itself to provide an effective response to changing practices that may impact GSA programs and operations.

Similarly, the dramatically escalating use of technology for the conduct of Agency business brings with it the potential for new kinds of fraud and other wrongdoing in virtually all areas of GSA operations on a level and of a type never before experienced by the Agency. Since technological advances are certain to transform most of the GSA management and administrative practices over the next 5 years, the OIG will have to develop the capacity to counter the emerging vulnerabilities in this area with sound programs and a technically accomplished staff.

In the area of Federal building construction, repair and alterations, and leasing activities, hundreds of millions of dollars may be increasingly vulnerable as internal oversight of these functions is reduced and increasing reliance is placed on private sector mechanisms to provide stewardship of Federal funds. The OIG will structure its

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oversight programs to address the new business environment.

As credit card use for government purchases becomes more common place, the need for Agency-wide oversight and controls has become increasingly evident. The savings associated with this vastly improved and efficient purchasing mechanism are directly related to the extent to which the use and accounting for credit card purchases are controlled and accountable. The OIG will place greater emphasis on systems control to ensure the overall safeguarding of government assets.

Finally, the OIG has a special responsibility to ensure that, in an era of rapid reform, the reform process itself does not prove to be dysfunctional. Without questioning the benefit of introducing more efficient processes in the Federal government, the OIG has a responsibility to ensure that reforms, both administrative and legal, will not present unintended increased opportunities for individuals to engage in illegal and improper activities. We believe it is important to determine whether a reform or change initiative increases vulnerabilities and by doing so permit an evaluation of the costs vs. benefits of the reform and if possible an amelioration of the new vulnerabilities.

During FY 2000, the OIG plans to devote approximately \$17.5 million of its requested FY 2000 resources to accomplish strategic goal #2.

Anticipated 5-Year Outcomes

The OIG's activities (audit reports, management/consulting reviews, investigations, and other programmatic evaluations) will have an identifiable and positive impact on GSA's programs and operations in the following areas:

1. Commercial item acquisition - ensuring reforms and changing practices do not negatively impact the effective and efficient use of Federal funds.
2. Information systems and emerging technology - ensuring proper controls over acquisition of, access to, and security over the Federal Government's expanding reliance on technology.
3. Construction, repair and alteration, and leasing - ensuring proper and most efficient response to Federal space needs.
4. Credit card use - ensuring proper controls and use as credit cards become the prime acquisition tool for the Federal Government.

Strategic Goal No. 3

Improve the delivery of the OIG work products.

Discussion

OIG managers believe that the performance of their own office should be held to the highest standards. While the OIG has made great strides in recent years in improving the administration of the office and the quality of the work, it is generally believed that greater efficiencies and further increases in productivity are needed. Continued reductions in the size of GSA suggest that OIG resources will at best remain stable, yet the responsibilities of the office continue to expand.

Moreover, OIG managers acknowledge that the skills required to address the emerging issues facing the office, particularly those required for our increasing efforts to evaluate the organization and work processes of the Agency, need to be enhanced.

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This goal focuses on improving the efficiency and relevance of OIG products and includes a commitment to dramatically increase the timeliness and the utility of audits and investigations.

Anticipated Results

Despite experiencing unprecedented changes in recent years, the challenges that lie immediately ahead for the OIG will require a fundamental transformation in its work products, its relationship with GSA, and in its own view of success. The strategic goals described above position the OIG not as an adversary of GSA management, but in partnership with it in meeting the responsibilities of Federal governance.

The OIG strategy will consist of three distinct approaches. Internally, the OIG management will continue to emphasize the development of non-traditional approaches to its work. Audit resources will increasingly be concentrated on program reviews and other evaluative processes, while investigations will be more proactive, targeting areas of emerging vulnerabilities. This will require extensive specialized training.

At the same time, the OIG's traditional work product must be made more efficient and responsive to Agency and customer needs. The improvements in timeliness and operating efficiency envisioned both by the audit and investigative components of the office will require reassessing all existing approaches, including the analytical, investigative, and reporting techniques, as well as improved management and customer coordination efforts.

Finally, the OIG is committed to more effective "marketing" of its products and services. Although changing perceptions is necessarily a long-term process, a

dedicated effort to enhance communications may also pay near-term dividends. The OIG has identified many GSA outcomes as its outcome goals. This underscores the extent to which the OIG success is critically connected to its ability to help GSA be successful. Developing a common understanding that these are shared goals is a key element in achieving success for both the OIG and GSA.

Administrative Strategies

Several critical administrative activities must be performed if the OIG is going to improve the delivery of its products, identify opportunities to improve GSA operations and programs, and protect the integrity of those programs. These administrative activities include providing our audit and investigations staffs with state-of-the-art information systems, ensuring access to both internal GSA and other government and private information sources, and ensuring we have sufficient and competent human resources to accomplish our mission.

In addition, as the OIG moves to implement the transition from its traditional regional office structure to a zonal organization, we will consider such management actions as realigning and relocating staff to geographic locations to match planned and projected workload. We will consider, where possible, increasing the use of various workplace initiatives, such as telecommuting, work-at-home, etc., which may increase efficiency and effectiveness of our workforce.

Strategy #1 - Operate, maintain, and upgrade computer resources to provide OIG components with an integrated Management Information System. This will:

Enhance OIG components' ability to develop, coordinate and exchange program

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and operational information within the OIG and between the OIG, GSA, and external sources to properly execute their audit and investigative responsibilities; and

Provide OIG components with the budgetary, financial, procurement, and personnel data to properly manage their resources.

Strategy #2 - Improve OIG components' ability to deliver work products by providing a full complement of timely administrative and human resource services.

Administrative Strategy Results

By fulfilling our stated strategies in supporting the OIG, we expect to:

1. Furnish real-time fiscal information so allocated funds can be most effectively managed.

2. Offer a comprehensive information system support to all OIG personnel as an aid to assist them in accomplishing their operational and reporting responsibilities

3. Make available a full range of training and educational support to assist staff in professional development and in meeting their unique professional requirements.

4. Provide a full range of human resource support so that OIG management can meet its personnel needs.

During FY 2000, the OIG will devote approximately \$3.5 million of its resources to accomplish this strategic goal.

Following are selected charts from the OIG's Performance Plan which detail the performance measures for each strategic goal.

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OIG Strategic Goal #1: *Identify opportunities for increased economy and efficiency in Agency operations; assist management by identifying, recommending, and developing appropriate management improvements.*

Performance Plan: Outcome Measures

Notes: In general, focused activities and outputs from the Office of Audits will directly support the outcomes shown below for Strategic Goal #1.

Performance Indicator Key: The percentages shown for each outcome reflect the proportion of OIG products (audit reports, consulting/management assistance reviews, and other programmatic evaluations) in the specified area that had an identifiable positive impact on improving Agency performance

Type of Measure	Performance Measure	Performance Indicators						
		FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	
Outcome	1. <u>Federal Supply Service</u>	60%	60%	60%	65%	65%	70%	
	▪ Timely delivery							
	▪ Costs							
	2. <u>GSA Leasing Function</u>	60%	60%	60%	65%	65%	70%	
	▪ Competitive costs							
	▪ Timely delivery							
	▪ Customer perception							
	3. <u>Building Ops and Services</u>	40%	45%	50%	55%	60%	60%	
	▪ Compliance w/commercial standards							
	4. <u>Management Information Systems</u>	50%	55%	60%	65%	70%	70%	
	▪ Program efficiency							
	▪ Customer perception							
	▪ Data reliability							

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OIG Strategic Goal #1: Identify opportunities for increased economy and efficiency in Agency operations; assist management by identifying, recommending, and developing appropriate management improvements.

Performance Plan: Output Measures							
Notes: The output measures for the Office of Audits remain relatively constant over the next several years, however, their makeup reflects the impact of changes to procurement laws and regulations as well as OIG management's decision to redirect audit program emphasis. Compared to previous years, lower avoidance and recovery dollar amounts reflect (1) the impact of the changes in the regulations affecting GSA's commercial item procurements resulting from the implementation of Federal acquisition reform legislation, for example, the elimination of regular post-award audit access, and (2) GSA's decision to move to longer term contracting in the Multiple Award Schedule program. Because of these changes there will be fewer contracts subject to audit. The measures also reflect OIG management's decision to allocate greater audit resources to major programmatic, control, systems, and consulting efforts, which are aimed at helping GSA management achieve more positive outcomes in their operations. While these types of reviews require significantly more resources, and their immediate impact is not always quantifiable, their long-term benefits offer the potential for significant improvements in Agency performance and benefits to customers and taxpayers. Results from these audit efforts are better reflected in our outcome measures.		Performance Indicators					
Type of Measure	Performance Measure	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Output Audit	<u>OIG Audit Reports</u>						
	Total Reports	356	375	376	386	392	392
	Avoidances & Recoveries	\$175M	\$179M	\$177M	\$179M	\$179M	\$179M
	Management Decisions	\$152M	\$178M	\$178M	\$178M	\$179M	\$179M
	Internal Audit Reports	106	96	102	109	115	115
	Contract Audit Reports	250	279	274	277	277	277

Notes: The output measures for the Office of Audits remain relatively constant over the next several years, however, their makeup reflects the impact of changes to procurement laws and regulations as well as OIG management's decision to redirect audit program emphasis. Compared to previous years, lower avoidance and recovery dollar amounts reflect (1) the impact of the changes in the regulations affecting GSA's commercial item procurements resulting from the implementation of Federal acquisition reform legislation, for example, the elimination of regular post-award audit access, and (2) GSA's decision to move to longer term contracting in the Multiple Award Schedule program. Because of these changes there will be fewer contracts subject to audit. The measures also reflect OIG management's decision to allocate greater audit resources to major programmatic, control, systems, and consulting efforts, which are aimed at helping GSA management achieve more positive outcomes in their operations. While these types of reviews require significantly more resources, and their immediate impact is not always quantifiable, their long-term benefits offer the potential for significant improvements in Agency performance and benefits to customers and taxpayers. Results from these audit efforts are better reflected in our outcome measures.

General Services Administration OFFICE OF INSPECTOR GENERAL

OIG Strategic Goal #2: Protect the integrity of GSA programs and operations by detecting and responding to waste and wrongdoing and by identifying and mitigating vulnerabilities, particularly those resulting from changes in the agency's methods of doing business and from changing legal and administrative requirements.

Performance Plan: Outcome Measures

Notes: The combined efforts of the Office of Audits and the Office of Investigations will be directed towards the achievement of the outcomes listed under Strategic Goal #2.

Performance Indicator Key: The percentages shown for each outcome reflect the proportion of OIG products (audit reports, consulting/management assistance reviews, investigations, and other programmatic evaluations) in the specified area that had an identifiable positive impact on improving Agency performance.

Type of Measure	Performance Measure	Performance Indicators						
		FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	
Outcome	1. Commercial Item Acquisition							
	▪ Internal Control	50%	50%	55%	55%	60%	60%	
	▪ Integrity	75%	80%	85%	90%	90%	90%	
	2. Information System/Emerging Technology							
	▪ Internal Control	40%	45%	50%	55%	60%	60%	
	▪ Integrity	75%	80%	85%	90%	90%	90%	
	3. Construction/Leasing							
	▪ Internal Control	50%	50%	55%	55%	60%	60%	
	▪ Integrity	75%	80%	85%	90%	90%	90%	
	4. Credit Card Use							
	▪ Internal Control	40%	45%	50%	55%	60%	60%	
	▪ Integrity	75%	80%	85%	90%	90%	90%	

**General Services Administration
OFFICE OF INSPECTOR GENERAL**

OIG Strategic Goal #2: *Protect the integrity of GSA programs and operations by detecting and responding to waste and wrongdoing and by identifying and mitigating vulnerabilities, particularly those resulting from changes in the agency's methods of doing business and from changing legal and administrative requirements.*

Performance Plan: Output Measures						
Performance Measure	Performance Indicators					
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
No. of Criminal Referrals	97	102	102	102	102	102
No. of Civil Referrals	20	21	21	21	21	21
No. of Admin Referrals	246	258	258	258	258	258
Civil Settlements	11	12	12	12	12	12
Indictments/Informations	34	36	36	36	36	36
Successful Criminal Prosecutions	32	34	34	34	34	34
Contractors Suspended/Debarred	89	93	93	93	93	93
Investigative Recoveries	\$4.477M	\$4.500M	\$4.500M	\$4.500M	\$4.500M	\$4.500M

Notes: The output measures listed below for the Office of Investigations reflect the projected accomplishments of investigative effort in support of the efficiency, effectiveness, and integrity of GSA's mission.

**General Services Administration
OFFICE OF INSPECTOR GENERAL**

OIG Strategic Goal #2: Protect the integrity of GSA programs and operations by detecting and responding to waste and wrongdoing and by identifying and mitigating vulnerabilities, particularly those resulting from changes in the agency's methods of doing business and from changing legal and administrative requirements.

Performance Plan: Outcome Measures		Performance Indicators							
Type of Measure	Performance Measure	Performance Standard	5 year Target	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Outcome Audit	Effectiveness - Customer Surveys	Scale: 1 - 5 (5 high)	90%	70%	75%	80%	85%	90%	90%
	▪ Meets Customer Needs	4.0							
	▪ Cust. Understanding	4.0	90%	50%	75%	80%	85%	90%	90%
	▪ Relevancy	4.0	85%	60%	70%	80%	85%	85%	85%
	▪ Perception/Timeliness	4.0	85%	50%	70%	70%	80%	85%	85%
	▪ Value Added	4.0	90%	60%	75%	80%	85%	90%	90%

Notes: The outcome measures listed below are an attempt to strategically align the OIG internal activities to support the changing work product. Activities are evaluated against a "standard" that reflects "expected average performance." If a performance standard for completion of a report is listed as 4.0, it means that an average report assigned to the office will have customer service measures of at least a 4.0. This standard is monitored by assigning a target that measures the extent to which the office is meeting the standard. If the target is 80 percent that means that 80 percent of the office reports will have customer service ratings of at least 4.0. It should be noted that, since performance standards represent an estimated or actual "average," effective and realistic targets should be in the 75 - 90 percent range.

**General Services Administration
OFFICE OF INSPECTOR GENERAL**

OIG Strategic Goal #3: *Improve the delivery of the OIG work products.*

Performance Plan: Outcome Measures (Continued)

Notes: The outcome measures listed below are an attempt to strategically align the OIG internal activities to support the changing work product. Activities are evaluated against a "standard" that reflects "expected average performance". If a performance standard for completion of a report is listed as 30 days, it means that an average report assigned to the office will be completed within 30 days. This standard is monitored by assigning a target that measures the extent to which the office is meeting the standard. If the target is 75 percent that means that 75 percent of the office reports will be completed within 30 days. It should be noted that, since performance standards represent an estimated or actual "average," effective and realistic targets should be in the 70 - 85 percent range.

Of the activities listed below, the following are noteworthy:

- Nearly all of the performance targets for the Office of Audits reflect a dramatic increase in efficiency, especially important considering the increased complexity of their work product and the reduction in resources;
- The Office of Investigations has established a standard that reflects a dramatic improvement in the time frame within which they will conduct nearly all of their activities; and
- The Office of Administration, Internal Evaluation Staff, and Office of Counsel to the IG have applied standards so as to reflect the need to improve performance in specific targeted areas.

**General Services Administration
OFFICE OF INSPECTOR GENERAL**

OIG Strategic Goal #3: Improve the delivery of the OIG work products.

Performance Plan: Outcome Measures (Continued)									
Type of Measure	Performance Measure	Performance Standard	5 year Target	Performance Indicators					
				FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Outcome Audit External	Efficiency – Timeliness								
	▪ Cost/Price	30 days	70%	55%	55%	60%	60%	65%	70%
	▪ Pre-Award MAS	30 days	85%	55%	65%	70%	75%	80%	85%
	▪ Post-Award MAS	270 days	75%	55%	65%	65%	70%	75%	75%
Internal	▪ Claims	80 days	75%	55%	60%	65%	68%	70%	75%
	▪ Program Review	320 days	75%	65%	65%	70%	70%	75%	75%
	▪ Management Control	180 days	75%	50%	55%	60%	70%	75%	75%
	▪ Regulatory	180 days	90%	80%	85%	85%	90%	90%	90%
	▪ Preventative	180 days	80%	70%	75%	75%	75%	80%	80%
	▪ Regional Plans	180 days	75%	65%	65%	70%	70%	75%	75%
	▪ Advisory	180 days	75%	55%	60%	65%	70%	75%	75%
	▪ Consulting	60 days	75%	55%	60%	65%	70%	75%	75%
Audit External	▪ Systems	320 days	75%	65%	65%	70%	70%	75%	75%
	Efficiency – Hours/Task								
	▪ Cost/Price	160 hrs	75%	55%	70%	75%	75%	75%	75%
	▪ Claims	380 hrs	75%	55%	70%	75%	75%	75%	75%
	▪ Pre-Award MAS	160 hrs	75%	55%	60%	65%	70%	75%	75%
	▪ Post-Award MAS	600 hrs	85%	65%	70%	75%	80%	85%	85%

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**General Services Administration
OFFICE OF INSPECTOR GENERAL**

OIG Strategic Goal #3: Improve the delivery of the OIG work products.

Performance Plan: Outcome Measures (Continued)										
Type of Measure	Performance Measure	Performance Standard	5 year Target	Performance Indicators						
				FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	
Outcome	Efficiency – Hours/Task (Cont.)									
Audit Internal	▪ Program Review	5,000 hrs	75%	55%	65%	65%	70%	75%	75%	
	▪ Management Control	1,800 hrs	75%	55%	60%	65%	70%	75%	75%	
	▪ Regulatory	300 hrs	90%	80%	80%	85%	85%	90%	90%	
	▪ Preventative	650 hrs	75%	65%	65%	65%	70%	75%	75%	
	▪ Regional Plans	850 hrs	75%	60%	60%	65%	65%	70%	75%	
	▪ Advisory	2,000 hrs	75%	55%	60%	65%	70%	75%	75%	
Invest	▪ Consulting	640 hrs	75%	55%	60%	65%	70%	75%	75%	
	▪ Systems	5,000 hrs	75%	55%	60%	65%	70%	75%	75%	
	<u>Class I</u>									
	▪ Fraud/Crimes	540 days	75%	50%	60%	65%	70%	75%	75%	
	▪ Debarment/Suspension	60 days	90%	60%	65%	70%	80%	90%	90%	
	▪ Administrative	180 days	85%	60%	65%	70%	80%	85%	85%	
	<u>Class II</u>									
	▪ Fraud/Crimes	270 days	75%	50%	60%	65%	70%	75%	75%	
	▪ Debarment/Suspension	45 days	90%	60%	65%	70%	80%	90%	90%	
	▪ Administrative	90 days	85%	60%	65%	70%	80%	85%	85%	

**General Services Administration
OFFICE OF INSPECTOR GENERAL**

OIG Strategic Goal #3: Improve the delivery of the OIG work products.

Performance Plan: Outcome Measures (Continued)										
Type of Measure/ Office	Performance Measure	Performance Standard	5 year Target	Performance Indicators						FY 2003
				FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	
Counsel	Audit Reviews	120 days	75%	45%	55%	60%	65%	75%	75%	75%
	FOIA/PA Requests	30 days	90%	50%	60%	70%	80%	90%	90%	90%
Evaluation	Field Office Appraisals	60 days	75%	55%	60%	65%	70%	75%	75%	75%
	System Availability	365 days	98%	94%	95%	96%	97%	98%	98%	98%
Admin.	Provide Information Resources	5 days	94%	90%	92%	92%	94%	94%	94%	94%
	Customer Satisfaction Scale: 1 – 5 (5 high)	4 5	4 5	4.1	4.2	4.3	4.4	4.5	4.5	4 5
Financial	Budget Reports	12 days	99%	75%	90%	95%	99%	99%	99%	99%
	App. Funds Reports	5 days	99%	75%	90%	95%	99%	99%	99%	99%
	No. Year Fund Reports	5 days	99%	75%	90%	95%	99%	99%	99%	99%
	Administrative Reports	30 days	100%	95%	95%	100%	100%	100%	100%	100%
Procurement	Credit Card	30 days	98%	96%	97%	98%	98%	98%	98%	98%
	Procurement	30 days	98%	96%	96%	97%	98%	98%	98%	98%
Human Resources	Resource Transaction	30 days	98%	95%	96%	97%	98%	98%	98%	98%
	Personnel Actions	30 days	90%	75%	80%	85%	90%	90%	90%	90%
	General Services	30 days	90%	75%	80%	85%	90%	90%	90%	90%

**General Services Administration
OFFICE OF INSPECTOR GENERAL**

Allocation of OIG resources to accomplish strategic goals.

Performance Plan: Allocation of OIG Resources													
Input Measure	Organization	Performance Indicators (in thousands)											
		FY 1998		FY 1999		FY 2000		FY 2001		FY 2002		FY 2003	
		\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
\$	OIG	33,870	100%	32,000	100%	33,870	100%	32,000	100%	32,000	100%	32,000	100%
	Audits	21,338	63%	20,160	63%	21,338	63%	20,160	63%	20,160	63%	20,160	63%
	Investigations	8,467	25%	8,000	25%	8,467	25%	8,000	25%	8,000	25%	8,000	25%
	Administration	2,371	7%	2,240	7%	2,371	7%	2,240	7%	2,240	7%	2,240	7%
	Counsel	847	2.5%	800	2.5%	847	2.5%	800	2.5%	800	2.5%	800	2.5%
	IG Office/Eval.	847	2.5%	800	2.5%	847	2.5%	800	2.5%	800	2.5%	800	2.5%

General Services Administration
EXPENSES OF TRANSPORTATION AUDIT CONTRACTS AND CONTRACT
ADMINISTRATION

\$(Thousands)

	FY 1998 Actual	FY 1999 Current	FY 2000 Request	FY 2000/99 Change
Audit Contracts	3,452	3,545	3,619	+74
Contract Administration/ Operating Expenses	7,566	8,455	8,745	+290
Total Obligations	11,018	12,000	12,364	+364
Value of Current Receipts	17,968	13,500	13,500	0
Outlays	10,242	12,000	12,364	+364
Employment (FTE)	76	67	67	0

MISSION

The Expenses of Transportation Audit Contracts and Contract Administration account was established to fund the auditing of transportation carrier billings furnished to the Government on a postpayment basis and to detect and subsequently recover carrier overcharges. This activity was transferred from the General Accounting Office to GSA in 1975. This account is a permanent, indefinite appropriation which does not require annual Congressional action.

THE BUDGET IN SUMMARY

Expenses are financed from overcharges collected from carriers on transportation bills paid by the Government and other similar type refunds. Until 1986, Federal agencies were required to pay carrier invoices upon receipt, prior to audit by GSA. Public Law 99-627 of November 7, 1986, altered the process significantly by allowing GSA to conduct prepayment audits and delegate this authority to agencies upon request.

With passage of the Travel and Transportation Act of 1998, the prepayment audit of transportation bills is mandatory. The Act will be fully implemented by fiscal year 2000.

A management plan has been formulated for the transportation audit program, emphasizing prepayment audit benefits. Since potential overcharges will be discovered prior to payment, an agency will have its funds for other transportation activities, whereas in the past, postpayment audit identified overcharges were returned to the U. S. Treasury.

Under the prepayment scenario, any transportation audit and related technical assistance services provided to agencies in the implementation of the prepayment audit legislation will be funded on a reimbursable basis.

General Services Administration
EXPENSES OF TRANSPORTATION AUDIT CONTRACTS AND CONTRACT
ADMINISTRATION

Explanation of Budget Changes \$(Thousands)	
FY 1999 Current Level.....	12,000
Pay Raise, January, 2000.....	+211
Inflation.....	<u>+153</u>
FY 2000 Budget Request.....	12,364

General Services Administration
EXPENSES OF TRANSPORTATION AUDIT CONTRACTS AND CONTRACT
ADMINISTRATION

Obligations by Object Class \$(Thousands)			
	FY 1998 Actual	FY 1999 Current	FY 2000 Request
11.1 Full-time permanent	3,906	4,068	4,227
11.3 Other than permanent	95	96	99
11.5 Other personnel compensation	120	138	142
11.9 Total personnel compensation	4,121	4,302	4,468
12.1 Civilian personnel benefits	690	721	748
13.0 Benefits for former personnel	(2)	0	0
21.0 Travel and transportation of persons	61	78	80
21.0 Motor pool travel	0	2	2
22.0 Transportation of things	2	6	6
23.1 Rental payments to GSA	136	449	458
23.3 Communications, utilities, and misc. charges	68	16	16
24.0 Printing and reproduction	55	58	59
25.2 Other Services	3,536	3,765	3,859
25.3 Purchases of goods/services from Gov't accts	2,062	2,197	2,253
26.0 Supplies and materials	118	175	179
31.0 Equipment	171	231	236
Total Obligations	11,018	12,000	12,364

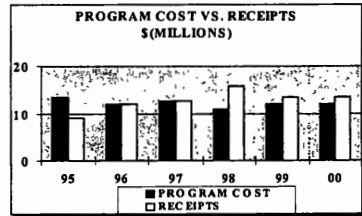
General Services Administration
EXPENSES OF TRANSPORTATION AUDIT CONTRACTS AND CONTRACT
ADMINISTRATION

PERFORMANCE MEASURE

Following is a graph which compares the annual cost of administering the Transportation Audit Contracts Program to the annual net receipt collections from overcharges collected. The collections of overcharges are used as the Program's financing source.

During fiscal year 1995 costs were unusually high due to large bankruptcy settlements. Collection initiatives were implemented in fiscal year 1996 that have increased collections and enabled the program to be fully self-sustaining on an annual basis.

The value of receipts displayed represents the total actual/estimated overcharge amounts collected and does not include any actual or estimated transfers to the U.S. Treasury.



General Services Administration

EXPENSES, DISPOSAL

MISSION

Expenses, Disposal of Surplus Real and Related Personal Property is a permanent, indefinite appropriation authorized by section 204(b) of the Federal Property and Administrative Services Act of 1949, as amended. This section was added by P.L. 83-760 (40 U.S.C. 485(b)) of August 31, 1954. The account finances

contractual services of appraisers, auctioneers, and brokers familiar with local markets to accelerate the utilization or sale of surplus real property under the Policy and Operations Account. It also covers the costs of surveying, advertising, and environmental and historical services. Financing is provided from receipts from sales of surplus property and outleasing of Government-owned space.

EXPENSES, DISPOSAL \$(Thousands)				
	FY 1998 Actual	FY 1999 Current	FY 2000 Request	FY 00/99 Change
Direct Program:				
Disposal - Real Property	\$3,921	\$4,184	\$5,485	+ \$1,301
Outleasing - Government-owned Space	12	515	515	0
Total (Budget Authority)	\$3,933	\$4,699	\$6,000	+ \$1,301
Reimbursable Program:				
Disposal - Real Property	\$182	\$600	\$600	\$0
Total (Reimbursable)	\$182	\$600	\$600	\$0
Net Outlays	\$3,282	\$4,652	\$5,880	+ \$1,228
Employment (FTE)	0	0	0	0

THE BUDGET IN SUMMARY

This appropriation provides for contractual services and supplements in-house real property disposal activities and

improved space utilization through outleasing of surplus Government-owned space. This is a permanent, indefinite appropriation which requires no further Congressional action.

**General Services Administration
EXPENSES, DISPOSAL**

EXPENSES, DISPOSAL - DIRECT Explanation of Budget Changes \$(Thousands)	
FY 1999 Current	\$4,699
Environmental Services	+ \$ 901
Advertising	+ 200
Appraisers, auctioneers, brokers, and surveying fees	+ 200
FY 2000 Budget Request	\$6,000

EXPENSES, DISPOSAL - REIMBURSABLE Explanation of Budget Changes \$(Thousands)	
FY 1999 Current	\$600
(no change)	\$0
FY 2000 Budget Request	\$600

**General Services Administration
EXPENSES, DISPOSAL**

EXPENSES, DISPOSAL - DIRECT Obligation by Object Class \$(Thousands)			
	FY 1998 Actual	FY 1999 Current	FY 2000 Request
24.0 Printing and reproduction	\$67	\$300	\$300
25.2 Other services	3,866	4,399	5,700
Total Obligations	\$3,933	\$4,699	\$6,000

EXPENSES, DISPOSAL - DIRECT Obligation by Program Activity \$(Thousands)			
	FY 1998 Actual	FY 1999 Current	FY 2000 Request
Disposal - Real Property:			
a. Appraisers, auctioneers, brokers fees and surveying	\$94	\$590	\$790
b. Advertising	1,662	810	1,010
c. Environmental services	2,131	2,684	3,585
d. Historical preservation services	34	100	100
Outleasings - Government-owned Space:			
a. Appraisers, auctioneers, brokers fees, surveying and advertising	12	515	515
Total Obligations	\$3,933	\$4,699	\$6,000

**General Services Administration
EXPENSES, DISPOSAL**

EXPENSES, DISPOSAL - REIMBURSABLE Obligation by Object Class \$(Thousands)			
	FY 1998 Actual	FY 1999 Current	FY 2000 Request
24.0 Printing and reproduction	\$7	\$77	\$80
25.2 Other services	175	523	520
Total Obligations	\$182	\$600	\$600

EXPENSES, DISPOSAL - REIMBURSABLE Obligation by Program Activity \$(Thousands)			
	FY 1998 Actual	FY 1999 Current	FY 2000 Request
Disposal - Real Property:			
a. Appraisers, auctioneers, brokers fees, surveying and environmental services	\$155	\$500	\$500
b. Advertising	27	100	100
Total Obligations	\$182	\$600	\$600

**Public Buildings Service
FY 2000 Congressional Justification Budget Submission**

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FY 2000 Congressional Justification Budget Submission**

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General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

Introduction

We formulated this budget request in support of the General Services Administration (GSA) Strategic Plan. It is a results-oriented budget built on private sector benchmarks wherever possible, internal benchmarks wherever applicable, and a set of performance measures that support the PBS Performance Plan.

This budget is organized in the following three sections:

1. **Background** - sets forth the mission of PBS and describes the diverse services we provide, the scope of our major programs, and the environment in which we must operate.
2. **Budget Overview** - describes the budget in general terms. It sets forth the sources and proposed uses of funds for this budget, and describes the revenue projection methodology.
3. **Explanation of Estimates** - contains detailed information, by Budget Activity, which sets forth the rationale for our budget request. Supporting budget exhibits are contained in this section. The material is organized by the following budget activities:
 - Construction and Acquisition of Facilities
 - Repairs and Alterations

- Installment Acquisition Payments
- Rental of Space
- Building Operations

Strategic Goals

This budget is formulated to support the GSA Strategic Plan. The Explanation of Estimates section provides a matrix for each budget activity highlighting Strategic Goal(s) and objectives. The matrix also identifies performance goals, measures, and targets. There are four GSA Strategic Goals:

1. ***Promote Responsible Asset Management*** - conserve the assets in GSA's care and provide policies and best practices for Government-wide management.
2. ***Compete Effectively for the Federal Market*** - be the preferred provider of space, products, and services for all Federal agencies by efficiently and economically delivering consistently high quality and best value.
3. ***Excel at Customer Service*** - thrill our customers and agency partners by developing and delivering creative solutions to meet their needs for space, products and services, and policy guidance.
4. ***Anticipate Future Workforce Needs*** - design, develop, and model future work environments with state-of-the-art technology, innovation, and best practices for use of space, equipment, telecommunications, contracts, and other tools.

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

PBS Initiatives

Linking Performance Goals to the Budget

PBS has built a network of management information systems, data collection and analytical tools, empowered employees, benchmarked initiatives, and targeted incentives. This infrastructure is a key factor in our ability to formulate a credible, performance based, fiscal year 2000 budget. Use of this infrastructure is best exemplified in the Building Operations portion of the budget where we established performance indicators with private sector benchmark targets. Private sector benchmarks are also used in scoping and estimating capital project costs.

Optimizing Revenues

In order to operate successfully, PBS must optimize its revenues within a competitive pricing structure. We are undertaking the following initiatives:

- reduce approximately 700 thousand square feet in vacant available lease space;
- allocate \$125,000 thousand to reconfigure Government owned space to increase occupancy by 3,800 thousand square feet;
- set rent rates for customers that are comparable to the market rents that PBS is paying;
- identify and separately charge for recurring security costs as part of customer tenant rent billing. Customer awareness of the impact on their budget should lead to better control of the cost of these important services

Management Strategy: Devolve Responsibility/Enhance Accountability

PBS is a results-oriented, performance based organization requiring employees at every level to identify with and contribute to achieving its strategic goals. Through Asset Business Plans, facility managers continuously monitor the financial performance of their assets versus industry targets. We encourage managers to exceed established target level of performance through an incentive system that rewards success and invites change.

Enhanced Reprogramming Authority

PBS needs greater flexibility in its operating budget activity structure to respond more effectively and efficiently to changing customer requirements. The size and complexities of the Rental of Space and Building Operations activities make it difficult to precisely project requirements for each of these activities 18 months in advance of the fiscal year of execution. Therefore, we are requesting permanent authority to reprogram funds between the Rental of Space and Building Operations activities (up to 10 percent of each activity's new obligational authority (NOA)).

This authority gives PBS the flexibility to adjust available resources to respond to our customers' changing requirements. Reprogramming requirements above 10% would require Congressional approval.

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

Background

The PBS mission is to improve the effectiveness of the Federal Government by ensuring quality work environments for its employees. In support of our mission, we provide high-quality real property, asset management, workplace support, acquisition, facility security, and disposal services in a timely and cost effective manner.

PBS provides workspace for approximately one million Federal employees nationwide, and controls 40 percent of the Federal Government's owned and leased office space (See Figure 1). PBS's inventory also includes a variety of special use facilities such as courthouses, laboratories, border stations, and warehouses. This overall inventory totals 335,556 thousand rentable square feet of space (as of FY 1998), making PBS the largest provider of office space services in the nation.

As a service agency, we are changing to better serve our Federal agency customers. This means looking like, and more importantly, acting like, a private sector competitor. Our vision is to be recognized as the best public real estate organization in the world. This vision requires us to continually improve internally and, just as importantly, improve how we are perceived by the agencies we serve. Our major customers are identified in Figure 2.

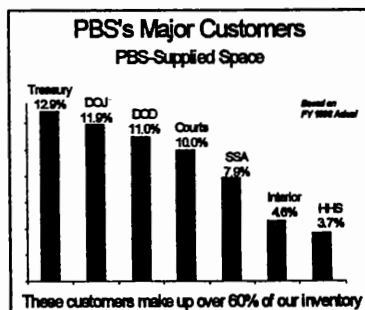


Figure 2

Responding to Changing Needs

The Federal Government is changing, but these changes are unevenly distributed among our customer agencies. Many agencies are downsizing and releasing space. This permits us to terminate some leases as they expire. Other agencies, such as the U.S. Courts and the Immigration and Naturalization Service, have increased housing requirements. These divergent trends often create unforeseen facility and service needs.

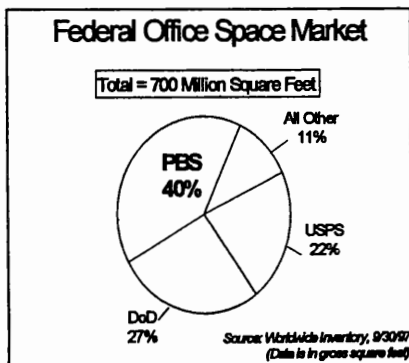


Figure 1

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

Border Stations

PBS owns and operates 100 border stations along U.S. borders with Mexico and Canada. Since the passage of the North American Free Trade Agreement (NAFTA) in 1994, the trade between the NAFTA partners has increased by \$150,000,000 thousand over pre-NAFTA levels. The additional trade and traffic flowing through the border stations increase the requirement for new and expanded crossings.

Security

In responding to the need for increased physical security for more than 8 thousand buildings in the aftermath of the destruction of the Murrah Federal Building in 1995, we invested \$393,000 thousand in security enhancements. This investment provided PBS with additional Federal Protection Officers and contract security guards, magnetometers, x-ray machines, intrusion devices, bollards and etc.

Customer Focus

Today's business climate dictates that we anticipate customer needs and respond with products and services competitive in quality and price with our private sector counterparts. Our goal is for the Federal Government to universally recognize the PBS "brand" as synonymous with "unbeatable, affordable quality".

We made tremendous progress in the past year, in refining our performance goals, developing quantifiable performance measures, and developing a results-oriented management structure. Our organization, incentives, and information systems are ensuring our goals and measures actually inform our business organizations of progress made in achieving these goals. The effectiveness of our results-oriented management structure provides a solid basis to develop the fiscal year 2000 budget request.

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

Budget Overview

This budget requests \$5,345,100 thousand in New Obligational Authority (NOA). The NOA is funded by revenues from client agencies.

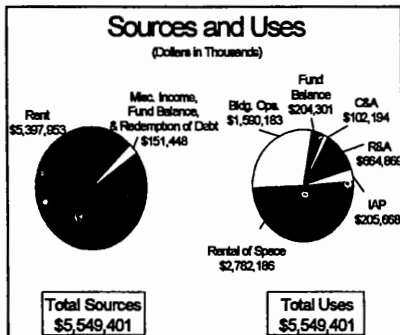


Figure 3

In fiscal year 2000, 91 percent of PBS program dollars are projected to flow to the private sector for construction, lease, and operations services (See Figure 4).

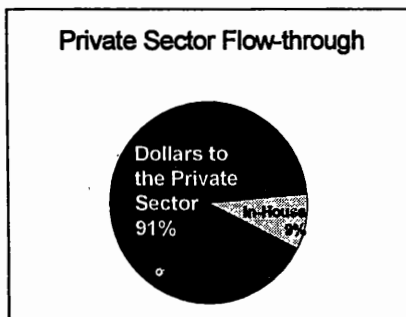


Figure 4

Rent

Our major source of revenue comes from the rent we collect from the customers we house. The rent estimate is based on the Rent Budget Estimate for fiscal year 2000, adjusted for planned and actual inventory changes from October 1997 to September 2000. For lease space, we align inventory changes with planned changes in the Rental of Space activity. For owned space, we compare inventory changes with construction schedules for accuracy.

The fiscal year 2000 Rent Budget Estimate for space and related services reflects the market based pricing strategy. The base rental rates for Government-owned space are set by appraisal. Tenant improvements are amortized over the life of the occupancy agreement, or as otherwise agreed to by PBS and the tenant. Security charges are based on the actual cost of services and are adjusted annually. The Rent PBS charges its tenants for lease space is simply a pass-through of the direct costs PBS incurs, plus a fee. The charge is itemized to separately reflect a shell rate, operating expenses, real estate taxes, the periodic payment to amortize tenant improvements over the term of the occupancy agreement, and a fee which covers PBS's cost of acquiring and administering the lease for the tenant.

FTE

This budget requests a Full-time Equivalent (FTE) workyear level of 7,281. This will allow us to staff the protection activity at 1,423 FTE in order to comply with the Department of

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

Justice "Vulnerability Assessment of Federal Facilities" report.

Inventory

The owned and lease inventory controlled by PBS continues to expand. This expansion is in response to the specific needs of our tenant agencies. The 1.9 percent expansion of our owned space in fiscal year 1999 and the 0.5 percent expansion in fiscal year 2000 result from the completion of 34 major new construction projects for our courts, law enforcement, and health research agencies that are experiencing significant growth. While large blocks of space are coming on line for these agencies, a number of our other agency tenants, such as the Department of Interior and the Internal Revenue Service, are shrinking because of staff reductions. Despite this, we project PBS will hold its vacancy in owned space to present levels by back-filling owned space from expiring leases where possible, or by disposing of properties no longer needed. Also, we project our lease inventory will grow modestly, driven notably by Justice Department

and Census Bureau needs. However, based on agency demands and lease expirations, we plan to significantly reduce the amount of vacant available lease space in our inventory. Our inventory expansion is reflected in Exhibit 5 - Summary of Total Inventory and Exhibit 6 - Summary of Space Assigned.

Immediately following this narrative is Exhibit 1 presenting the PBS fiscal year 2000 budget by five responsibility segments: Government-Owned, Government-Leased, Disposal, Construction and Acquisition, and Repairs and Alterations. This presentation is partly an outgrowth of a reporting requirement developed by the Federal Accounting Standards Advisory Board (FASAB). The FASAB requirement directs that costs be accumulated by responsibility segments configured to represent how the organization (in this case, PBS) actually conducts business. Actual data (e.g., FY 1998) is not available by these responsibility segments since the systems to produce data "as segmented" have not been developed.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

RESPONSIBILITY SEGMENTS

**FY 2000 BUDGET REQUEST
(Dollars In Thousands)**

	OPERATIONS			CAPITAL		TOTAL
	Government-Owned	Government-Leased	Disposal	Construction & Acquisition	Repairs & Alterations	
Construction and Acquisition	\$0	\$0	\$0	\$102,194	\$0	\$102,194
Basic Repairs and Alterations	\$297,000 1/	\$53,000	\$0	\$0	\$0	\$350,000
Major Repairs and Alterations	\$0	\$0	\$0	\$0	\$314,869 2/	\$314,869
Installment Acquisition Payments	\$0	\$0	\$0	\$205,668	\$0	\$205,668
Redemption of Debt	\$0	\$0	\$0	\$100,416	\$0	\$100,416
Rental of Space	\$0	\$2,782,186	\$0	\$0	\$0	\$2,782,186
Building Operations	\$1,178,842	\$203,988	\$0	\$108,292	\$99,081	\$1,590,183
o Building Services	\$686,854	\$84,867	\$0	\$0	\$0	\$771,521
o Protection	\$171,819	\$45,620	\$0	\$0	\$0	\$217,239
o Salary and Administration	\$205,765	\$44,731	\$0	\$56,557	\$56,557	\$363,610
o Staff Support (Excludes Protection)	\$24,429	\$5,363	\$0	\$0	\$0	\$29,792
o Protection Staff	\$6,711	\$5,162	\$0	\$31,464	\$17,516	\$60,853
o Technical services, space planning	\$27,078	\$5,944	\$0	\$4,718	\$9,435	\$47,175
o Information Technology	\$56,566	\$12,301	\$0	\$15,553	\$15,553	\$89,983
o Centralized Services						
Reimbursable	\$389,043	\$293,489	\$35	\$111,028	\$206,678	\$1,000,273
TOTAL	\$1,864,885	\$3,332,663	\$35	\$627,598	\$620,608	\$6,445,769

1/ Includes \$77,000 thousand for the recapture of 2,200 thousand rsf

2/ Includes the recapture of 1,600 thousand rsf

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**SCHEDULE OF RESOURCES, NEW OBLIGATIONAL AUTHORITY, AND FUND BALANCE
FY 1998 - FY 2000
(Dollars in Thousands)**

	FY 1998 Actual	FY 1999 Current	FY 2000 Request
Resources:			
Available from prior year for reauthorization	—	50,856	208,247
Unobligated balances from Pennsylvania Ave. Activities	—	115,201	—
Redemption of Debt	(82,113)	(82,045)	(100,416)
Reprogramming Authority	180,698	—	—
Non-expenditure transfer	(5,745)	—	—
Appropriation	—	450,018	—
Revenue from operations:			
Rent	4,780,836	5,274,863	5,397,953
Indefinite Authority for Rental of Space	77,953	85,500	[58,405]
Other Indefinite Authorities	4,767	[16,775]	[40,608]
Miscellaneous	4,660	4,301	4,000
Outleasing	2,908	2,853	2,853
SSV/CD/HCFA payments	2,595	36,833	36,817
Subtotal	[4,886,257]	[5,403,936]	[5,441,570]
Total Resources Available	4,978,095	5,812,765	5,549,401
New Obligational Authority:			
Construction and Acquisition	50	492,190 2/	102,194 2/
Repairs and Alterations	238,658 1/	673,031 2/	664,869 2/
Installation/Acquisition Payments	172,171	215,784	205,688
Rental of Space	2,566,883 1/	2,668,761 1/	2,792,186 2/
Building Operations	1,334,915 1/	1,554,772 2/	1,590,183 2/
Authority for Prior Year Projects/Activities	634,388	—	—
Total New Obligational Authority	4,947,053	5,904,518	5,345,100
Fund Balance:			
Total Resources Available	4,978,095	5,812,765	5,549,401
Total New Obligational Authority	(4,947,053)	(5,904,518)	(5,345,100)
Prior Year Recoveries	18,814	—	—
Fund Balance (Available for Reauthorization)	50,856	208,247	204,301

1/ Includes Indefinite authority
2/ Excludes Indefinite authority

See Exhibit 2 for listing and explanation of all Indefinite Authorities

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

FY 2000 BUDGET
Indefinite Authorities
(Dollars in Thousands)

	FY 1998 ACTUAL	FY 1999 CURRENT	FY 2000 REQUEST
<u>RESOURCES/EXPENDITURES</u>			
Telecommuting	0	[400]	[468]
Energy	345	[775]	[775]
Recycle	358	[476]	[476]
Historical Outleasng	888	[949]	[949]
Pennsylvania Avenue Activities	0	[22,976] ^{1/}	[29,040]
International Trade Center	3,176	[7,400]	[8,900]
SUBTOTAL	4,767	[32,976]	[40,608]
Leased Expansion Space	77,553	85,500	[58,405]
TOTAL RESOURCES/EXPENDITURES	82,320	85,500	[99,013]

^{1/} Includes a total of \$15,201 thousand from unobligated balances of the Pennsylvania Avenue Activities account

[] Brackets are non-add

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

EXHIBIT 2

Indefinite Authorities

PBS has a number of statutorily approved authorities permitting use of specific types of income without further approval of Congress. The following is a description of the Indefinite Authorities included in our budget request. Following the narrative is a schedule of the Indefinite Authorities.

Telecommuting

In fiscal year 1996, P.L. 104-52, section 5, authorized GSA to accept user fees and retain the income received from federal and non-Federal sources on or after October 1, 1993, to support the operation of existing telecenters and to assist in establishing new telecenters. Further, P.L. 104-52 included language that specifies that user fee income is available to defray costs directly associated with functions of flexiplace work telecommuting centers.

Lease Expansion Space

In fiscal year 1990 (P.L. 101-136), included a general provision that authorized GSA to accept rent payments from customers for lease expansion space and to use such payments in addition to the amounts received as New Obligational Authority in the Rental of Space activity. GSA uses this provision as authority to pay for lease expansions that generate new income to the FBF.

Pennsylvania Avenue Activities

As set forth in Public Law 104-134 (Section 313, Title III, General Provisions) and Public Law 104-208 (Limitations on Availability of Revenue), GSA was authorized, as of April 1, 1996, to assume certain authorities and responsibilities of the former Pennsylvania Avenue Development Corporation (PADC).

Certain unobligated balances of PADC accounts were transferred to GSA and named Pennsylvania Avenue Activities (PAA).

Public Law P.L. 105-277 permitted, the remaining unobligated balances of PAA, and any additional income derived from former PADC properties, to be merged with the FBF. These funds will remain available, without further action by Congress, for the purposes intended by legislation transferring PADC authorities and responsibilities to GSA.

Energy Rebates

The Administrator of GSA is authorized to receive amounts from rebates or other cash incentives related to energy savings. GSA may accept, from a utility, goods or services that enhance the energy efficiency of Federal facilities. The authority for rebates or other cash incentives are found in Section 11, GSA General Provisions, Public Law 102-141, Section 13, GSA General Provisions, Public Law 102-393, and Section 608, GSA General Provisions, Public Law 104-52.

Recycling Income

The Administrator of GSA has the authority to obligate recycling income deposited in the Federal Buildings Fund (FBF) to promote further recycling programs, to encourage employees to participate in recycling programs, and to provide funding for child care programs or other employee programs as authorized. The sources of this authority are Section 13, GSA General Provisions, Public Law 102-393, dated October 6, 1992, and the Energy Policy Act of 1992, Section 153, GSA Federal Buildings Fund, Public Law 102-486, dated October 24, 1992.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

EXHIBIT 2

Indefinite Authorities

Historical Outleasing

Proceeds from the outleasing of historic property fund this budget activity. These funds, based on P.L. 96-515, can be used for the preservation of art and architecture in historical buildings, and related expenses incurred by GSA with respect to such properties that are on the National Register and that are owned by, or under the jurisdiction or control of GSA. Funds are available for two years after the year in which they are received.

International Trade Center

GSA is authorized to use the proceeds from ITC operations to cover all expenses in support of Trade Center activities and operations (40 U.S.C 1107 (d)(2)).

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**SCHEDULE OF FTE, OBLIGATIONS, AND NET OUTLAYS
(Dollars in Thousands)**

	FY 1998 Actual		FY 1999 Current		FY 2000 Request		Increase/Decrease For FY 2000	
	FTE	Obligations	FTE	Obligations	FTE	Obligations	FTE	Obligations
FTE and Obligations:								
1. Construction and Acquisition	-	352,712	-	698,779	-	390,244	-	(308,535)
2. Repairs and Alterations	-	392,029	-	632,764	-	648,054	-	16,280
3. Design and Construction Services	-	7,403	-	5,295	-	0	-	(5,295)
4. Installment Acquisition Payments	-	180,935	-	219,284	-	211,261	-	(6,003)
5. Construction of Lease Purchase Facilities	-	6,009	-	180,343	-	12,800	-	(187,543)
6. Redemption of PC Debt	-	0	-	3,183	-	0	-	(3,183)
7. Rental of Space	-	2,624,983	-	2,890,607	-	2,782,186	-	91,579
8. Building Operations								
a) Cleaning	412	186,410	460	230,458	460	231,774	0	1,316
b) Utilities/Fuel	-	219,983	-	288,639	-	257,108	0	(11,531)
c) Maintenance	1,222	195,091	1,285	250,300	1,285	231,590	0	(18,710)
d) Other Building Services	2,428	228,747	2,389	228,702	2,389	247,284	0	18,582
e) Protection	1,257	225,190	1,423	241,114	1,423	247,031	0	5,917
f) Other Staff Support	1,738	239,819	1,728	238,394	1,728	228,248	0	(10,146)
g) IT Support	-	63,116	-	63,305	-	47,175	0	(16,130)
h) Centralized Services	-	84,768	-	97,936	-	99,993	0	2,057
i) International Trade Center	-	0	0	3,176	0	0	0	(3,176)
Subtotal, Building Operations	7,058	1,441,124	7,275	1,822,024	7,275	1,590,183	0	(31,841)
9. Pennsylvania Avenue Activities	0	0	6	15,201	6	0	0	(15,201)
10. Reimbursable	132	913,620	0	889,171	0	1,000,273	0	31,102
Total FTE and Obligations	7,190	5,918,815	7,281	7,038,631	7,281	6,838,001	0	(400,630)
Net Outlays:		768,459		75,546		217,844		142,298

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**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

FEDERAL BUILDINGS FUND Obligations by Object Class (Dollars in Thousands)			
	FY 1998 Actual	FY 1999 Current	FY 2000 Request
Personnel Compensation:			
11.1 Full-time permanent	340,874	327,523	337,604
11.3 Other than full-time permanent	5,136	5,005	5,145
11.5 Other personnel compensation	12,118	12,205	12,488
11.9 Total personnel compensation	358,128	344,733	355,237
12.1 Civilian personnel benefits	78,215	81,272	84,217
13.0 Benefits for former personnel	1,352	2,276	2,324
21.0 Travel and transportation of persons	10,743	14,761	14,811
21.0 Motor pool travel	4,667	4,814	4,916
22.0 Transportation of things	2,241	4,196	4,285
23.2 Rental payments to others	2,566,730	2,691,007	2,782,186
23.3 Communications, utilities, and misc. charges	279,241	279,834	279,351
24.0 Printing and reproduction	4,385	8,199	8,511
25.1 Advisory and assistance services	329	339	346
25.2 Other services	1,546,735	2,405,727	1,886,642
25.4 Operation and maintenance of facilities	628,973	726,441	773,261
25.7 Operation and maintenance of equipment	42,397	43,537	45,407
26.0 Supplies and materials	91,850	125,812	126,630
31.0 Equipment	20,298	28,987	29,561
32.0 Land and structures	96,919	80,446	51,850
41.0 Grants, subsidies, and contributions	32	1,168	44
42.0 Insurance claims and indemnities	137	82	84
43.0 Interest and dividends	185,443	192,961	186,298
99.9 Total obligations	5,918,815	7,036,631	6,636,001

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

SUMMARY OF TOTAL INVENTORY, GOVERNMENT-OWNED AND LEASED FY 1998 - FY 2000 (Rentable Square Feet in Thousands)						
	FY 1998 ACTUAL	CHANGE FROM FY 1997	FY 1999 CURRENT	CHANGE FROM FY 1998	FY 2000 REQUEST	CHANGE FROM FY 1999
GOVERNMENT-OWNED						
ASSIGNED	161,780	(5,743)	165,358	3,578	165,608	250
VACANT	23,880	(3,579)	24,001	21	24,627	626
TOTAL, GOVERNMENT-OWNED	185,760	(9,322)	189,359	3,599	190,235	876
LEASED						
ASSIGNED 1/ 4/	144,911	5,327	149,402	4,491	151,410	2,008
VACANT	4,885	(2,734)	3,861	(1,024)	2,764	(1,097)
TOTAL, LEASED 2/	149,796	2,593	153,263	3,467	154,174	911
GOVERNMENT OWNED AND LEASED						
ASSIGNED 1/	306,691	(416)	314,760	8,069	317,018	2,258
VACANT	28,865	(6,313)	27,852	(1,003)	27,391	(471)
TOTAL SPACE IN INVENTORY (SQ. FT.) 3/	335,556	(6,729)	342,622	7,066	344,409	1,787
% OF TOTAL SPACE VACANT	9%		8%		8%	
% OF GOVT-OWNED VACANT	13%		13%		13%	
% OF LEASED VACANT	3%		3%		2%	

1/ Includes space in USPS facilities

2/ Total leased square feet in FY 1999 and 2000 differ from the President's budget (which shows 152 million sq. ft. for FY 1999 and 153 million sq. ft. for FY 2000) due to changes in the inventory.

3/ Does not include outside parking

4/ Leased Assigned includes space leased under the indefinite authority provision: FY 1998 6,452 thousand, FY 1999 5,812 thousand, and FY 2000 4,151 thousand.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**SUMMARY OF SPACE ASSIGNED
GOVERNMENT-OWNED AND LEASED
(Rentable Square Feet in Thousands)
FY 1998 - FY 2000**

AGENCY	FY 1998 ACTUAL	FY 1999 CURRENT	FY 2000 REQUEST	CHANGE FROM FY 1999
TREASURY	39,507	40,812	40,904	92
JUSTICE	36,611	38,505	40,923	2,418
DEFENSE	33,809	33,576	33,744	168
U.S. COURTS	30,049	31,149	31,877	728
SSA	24,091	24,565	24,794	229
INTERIOR	13,970	14,089	13,970	(119)
HHS	11,368	11,760	12,072	312
ALL OTHER AGENCIES 2/	117,286	120,304	114,583	(5,721)
INDEFINITE AUTHORITY			4,151	4,151
TOTAL	306,691	314,760	317,018 1/	2,258

1/ The FY 2000 end of year assigned inventory includes 4,151 thousand square feet acquired by utilizing the indefinite authority for expansion space contained in the FY 1993 Appropriations Act (P.L. 102-393).

2/ All joint-use space is contained in the entry for "all other agencies". Outside parking is excluded.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**REAL PROPERTY ACTIVITIES
LIMITATIONS ON AVAILABILITY OF REVENUE**

[For additional expenses necessary to] ✓ carry out To
the purpose of the Fund established pursuant to
section 210(f) of the Federal Property and
Administrative Services Act of 1949, as amended
(40 U.S.C. 490(f)), [\$450,018,000 to be deposited the
into the Fund. The] ✓ revenues and collections
deposited into the Fund shall be available for
necessary expenses of real property management
and related activities not otherwise provided for,
including operation, maintenance, and protection of
federally owned and leased buildings; rental of
buildings in the District of Columbia; restoration of
leased premises; moving governmental agencies
(including space adjustments and
telecommunications relocation expenses) in
connection with the assignment, allocation and
transfer of space; contractual services incident to
cleaning or servicing buildings, and moving; repair
and alteration of federally owned buildings including
grounds, approaches and appurtenances; care and
safeguarding of sites; maintenance, preservation,
demolition, and equipment; acquisition of buildings
and sites by purchase, condemnation, or as
otherwise authorized by law; acquisition of options to
purchase buildings and sites; conversion and
extension of federally owned buildings; preliminary
planning and design of projects by contract or
otherwise; construction of new buildings (including
equipment for such buildings); and payment of
principal, interest, and other obligations for public
buildings acquired by installment purchase and
purchase contract, in the aggregate amount of \$5,345,100,000
[\$5,605,018,000] ✓, of which: (1) [\$492,190,000] ✓ \$102,194,000
shall remain available until expended for
construction of additional projects at locations and at
maximum construction improvement costs (including
funds for sites and expenses and associated design
and construction services) as follows:

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**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**REAL PROPERTY ACTIVITIES
LIMITATIONS ON AVAILABILITY OF REVENUE**

New Construction:

✓ Arkansas:

Little Rock, U.S. courthouse, \$3,436,000

California:

San Diego, U.S. courthouse, \$15,400,000

San Jose, U.S. courthouse, \$10,800,000

Colorado:

Denver, U.S. courthouse, \$83,959,000

District of Columbia:

Southeast Federal Center remediation,

\$10,000,000

Florida:

Jacksonville, U.S. courthouse, \$86,010,000

Orlando, U.S. courthouse, \$1,930,000

Massachusetts:

Springfield, U.S. courthouse, \$5,563,000

Michigan:

Sault Sainte Marie, border station, \$572,000

Mississippi:

Biloxi-Gulfport, U.S. courthouse, \$7,543,000

Missouri:

Cape Girardeau, U.S. courthouse, \$2,196,000

Montana:

Babb, Piegan border station, \$6,165,000

New York:

Brooklyn, U.S. courthouse, \$152,626,000

New York, U.S. Mission to the United Nations,

\$3,163,000

Oregon:

Eugene, U.S. courthouse, \$7,190,000

Tennessee:

Greenville, U.S. courthouse, \$28,229,000

Texas:

Laredo, U.S. courthouse, \$28,105,000

West Virginia:

Wheeling, U.S. courthouse, \$29,303,000]

Maryland:

Montgomery County, FDA Consolidation,

\$55,915,000

Michigan:

Sault Sainte Marie, border station, \$8,263,000

Montana:

Roosville, border station, \$753,000

Sweetgrass, border station, \$11,480,000

New York:

New York, U.S. Mission to the United Nations,

\$4,300,000

Texas:

Fort Hancock, border station, \$277,000

Washington:

Oroville, border station, \$11,206,000

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**REAL PROPERTY ACTIVITIES
LIMITATIONS ON AVAILABILITY OF REVENUE**

Nationwide:

Non-prospectus construction projects,
\$10,000,000:

Provided, That each of the immediately foregoing limits of costs on new construction projects may be exceeded to the extent that savings are effected in other such projects, but not to exceed 10 percent _____ notice is transmitted to

unless advance [approval is obtained from] ✓ the Committees on Appropriations of a greater amount:

[*Provided further*, That notwithstanding any other provision of law in order to rescind a General Services Administration property sale, the General Services Administration is authorized to re-acquire that parcel of land on Block 111, East Denver, Denver, Colorado, which was sold at public auction by the Federal government to its present owner pursuant to paragraphs (6) and (7) of section 12 of Public Law 94-204 (43 U.S.C. 1611 note) at a price equivalent to the 1988 auction sale price plus the amount of cumulative consumer price index, pursuant to the methodology as used in Public Law 104-42, Sec. 107(a), from the closing date of the sale until the date of re-acquisition by the Federal government, offset by any net income received from the property by the present owner since the 1988 sale: *Provided further*, That the funds provided in Public Law 102-393 for Hilo, Hawaii, shall be expended for the planning and design of the Mauna Kea Astronomy Educational Center, notwithstanding Public Law 103-123, and of the funds provided not more than \$475,000 is to be disbursed in this fiscal year:] *Provided further*, That all funds for direct construction projects shall expire _____ 2001

on September 30, [2000] ✓, and remain in the Federal Buildings Fund except for funds for projects as to which funds for design or other funds have been obligated in whole or in part prior to such date; *Provided further*, That of the funds provided

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for non-prospectus construction projects, \$1,974,000
 [\$2,100,000] √ shall be available until expended for acquisition, lease, construction, and equipping of flexiplace telecommuting centers: [Provided further, That from the funds made available under this heading in this or prior Acts of Congress, the Administrator of General Services may purchase at a price he determines appropriate, notwithstanding any other provision of law, property adjacent to the new courthouse currently under construction in \$664,869,000 Scranton, Pennsylvania;] (2) [\$668,031,000] √ shall remain available until expended, for repairs and alterations which includes associated design and construction services: [Provided further, That of the amount provided, \$161,500,000 shall not be available for obligation until September 30, 1999:] *Provided further*, That funds in the Federal Buildings Fund for Repairs and Alterations shall, for prospectus projects, be limited to the amount by project as follows, except each project may be increased by an amount not to exceed 10 percent notice is transmitted to unless advance [approval is obtained from] √ the Committees on Appropriations of a greater amount:

Repairs and alterations:

√ [California:

San Francisco, Appraisers Building,
\$29,778,000

Colorado:

Lakewood, Denver Federal Center, Building 25,
\$29,351,000

District of Columbia:

Federal Office Building, 10B, \$13,844,000
 Interstate Commerce Commission, Connecting
 Wing Complex, Customs Building, Phase 3/3,
 \$83,959,000
 Old Executive Office Building, \$25,210,000

Alabama:

Montgomery, Frank M. Johnson, Jr., Federal
 Building - U.S. Courthouse, \$11,606,000

Alaska:

Anchorage, Federal Building - U.S. Courthouse,
 Annex, \$21,098,000

California:

Menlo Park, USGS Building 1, \$6,831,000
 Menlo Park, USGS Building 2, \$5,284,000
 Sacramento, Moss Federal Building - U.S.
 Courthouse, \$7,948,000

District of Columbia:

Interior Building (Phase 1), \$1,100,000

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Department of State, Phase I, \$29,779,000
New York:
Brookhaven, Internal Revenue Service, Service
Center, \$20,019,000
New York, U.S. Courthouse, 40 Foley Square,
\$4,782,000
Pennsylvania:
Philadelphia, Byrne-Green, Federal Building-
U.S. Courthouse, \$11,212,000
Virginia:
Reston, J.W. Powell Building, \$9,151,000
Nationwide:
Chlorofluorocarbons Program, \$25,000,000
Energy Program, \$25,000,000
Design Program, \$16,710,000
Basic Repairs and Alteration, \$344,236,000:]

Provided further, That additional projects for which prospectuses have been fully approved may be funded under this category only if advance [approval is obtained from] ✓ the Committees on Appropriations: *Provided further*, That the amounts provided in this or any prior Act for "Repairs and Alterations" may be used to fund costs associated with implementing security improvements to buildings necessary to meet the minimum standards for security in accordance with current law and in compliance with the reprogramming guidelines of the appropriate Committees of the House and Senate: *Provided further*, That the difference between the funds appropriated and expended on any projects in this or any prior Act, under the heading "Repairs and Alterations", may be transferred to Basic Repairs and Alterations or used to fund authorized increases in prospectus projects: *Provided further*, That all funds for repairs and alterations prospectus projects shall expire on September 30, [2000] ✓, and remain in the Federal

Main Justice Building (Phase 2), \$47,226,000
State Department Building (Phase 2),
\$10,511,000
Maryland:
Baltimore, Metro West Building, \$36,705,000
Woodlawn, Social Security Administration
Annex, \$25,890,000
Minnesota:
Ft. Snelling, Bishop H. Whipple Federal
Building, \$10,989,000
New Mexico:
Albuquerque, Federal Building - 500 Gold
Avenue, \$8,537,000
Ohio:
Cleveland, Celebrezze Federal Building,
\$7,234,000
Nationwide:
Chlorofluorocarbons Program, \$20,000,000
Energy Program, \$20,000,000
Design Program, \$17,715,000
Elevators - Various Buildings, \$24,195,000
Glass Fragment Retention, \$32,000,000
Basic Repairs and Alterations, \$350,000,000:

notice is transmitted to

2001

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Buildings Fund except funds for projects as to which funds for design or other funds have been obligated in whole or in part prior to such date: [Provided further, That of the amount provided, \$100,000 shall be used to address the lighting issues at the Byrne-Green Federal Courthouse in Philadelphia, Pennsylvania: *Provided further*, That of the amount provided in this or any prior Act for Basic Repairs and Alterations, \$1,600,000 shall be provided to complete the alterations required at the Milwaukee, Wisconsin Courthouse: *Provided further*, That of the amount provided in this or any prior Act for Basic Repairs and Alterations, \$1,100,000 may be used to provide a new fence surrounding the Suitland Federal Complex in Suitland, Maryland: *Provided further*, That \$5,700,000 of the funds provided under this heading in Public Law 103-329 for the Holtzville, New York, IRS Service Center shall remain available until September 30, 1999:] *Provided further*, That the amount provided in this or any prior Act for Basic Repairs and Alterations may be used to pay claims against the Government arising from any projects under the heading "Repairs and Alterations" or used to fund authorized increases in prospectus projects; (3) [\$215,764,000] ✓ for installment acquisition payments including payments on purchase contracts which shall remain available until expended: (4) \$205,668,000

[\$2,583,261,000] ✓ for rental of space which shall remain available until expended[: *Provided further*, That of the amount provided, \$15,000,000 shall not be available for obligation until September 30, 1999]; and (5) [\$1,554,772,000] ✓ for building operations which shall remain available until expended: *Provided further*, That [of the amount provided \$68,000,000 shall not be available for

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obligation until September 30, 1999:] *Provided further*, That funds available to the General Services Administration shall not be available for expenses of any construction, repair, alteration and acquisition project for which a prospectus, if required by the Public Buildings Act of 1959, as amended, has not been approved, except that necessary funds may be expended for each project for required expenses for the development of a proposed prospectus: [*Provided further*, That for the purposes of this authorization, and hereafter, buildings constructed pursuant to the purchase contract authority of the Public Buildings Amendments of 1972 (40 U.S.C. 602a), buildings occupied pursuant to installment purchase contracts, and buildings under the control of another department or agency where alterations of such buildings are required in connection with the moving of such other department or agency from buildings then, or thereafter to be, under the control of the General Services Administration shall be considered to be federally owned buildings:]

Provided further, That funds available in the Federal Buildings Fund may be expended for emergency repairs when advance [approval is obtained from] *the Committees on Appropriations: Provided further*, That amounts necessary to provide reimbursable special services to other agencies under section 210(f)(6) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)(6)) and amounts to provide such reimbursable fencing, lighting, guard booths, and other facilities on private or other property not in Government ownership or control as may be appropriate to enable the United States Secret Service to perform its protective functions pursuant to 18 U.S.C. 3056, shall be available from such revenues and collections: [*Provided further*, That the remaining balances and associated assets

in addition to amounts made available herein, \$163,450,000 to be deposited into the Fund, to become available October 1, 2000 and remain available until expended, of which, \$83,000,000 shall be for the construction of a new Bureau of Alcohol, Tobacco and Firearms headquarters, and \$80,450,000 for the construction of the FDA Consolidation in Montgomery County, Maryland:

notice is transmitted to

**General Services Administration
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**REAL PROPERTY ACTIVITIES
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and liabilities of the Pennsylvania Avenue Activities account are hereby transferred to the Federal Buildings Fund to be effective October 1, 1998, and that all income earned after that effective date that would otherwise have been deposited to the Pennsylvania Avenue Activities account shall thereafter be deposited to the Federal Buildings Fund, to be available for the purposes authorized by Public Laws 104-134 and 104-208, notwithstanding subsection 210(f)(2) of the Federal Property and Administrative Services Act, as amended: *Provided further*, That of the amount provided, \$475,000 shall be made available for the 1999 Women's World Cup Soccer event: *Provided further*, That of the amount provided, \$600,000 shall be made available for the 1999 World Alpine Ski Championships:] *Provided further*, That revenues and collections and any other sums accruing to this Fund during fiscal year [1999] 2000, excluding reimbursements under section 210(f)(6) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(f)(6)) in excess of \$5,345,100,000 [\$5,605,018,000] √ shall remain in the Fund and shall not be available for expenditure except as authorized in appropriations Acts. (Independent Agencies Appropriations Act, 1999, as included in Public Law 105-277, section 101(h).)

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Explanation of Changes In Appropriation Language for FY 2000

For fiscal year 2000, the proposed language for the Federal Buildings Fund (FBF) includes changes from previously enacted legislation as follows:

1. We have included language that would provide an advance appropriation of funds for construction of a new Bureau of Alcohol, Tobacco and Firearms (ATF) Headquarters and for continued construction of the consolidation project for the Food and Drug Administration, to become available on October 1, 2000. ATF already has funding for the design of its project.
2. We have deleted language that in fiscal year 1999 transferred balances, assets, liabilities, and any future income from the Pennsylvania Avenue Activities account to the Federal Buildings Fund since this language is no longer necessary as a result of the merger of these two accounts in fiscal year 1999.
3. The proposed language changes the requirement from "advance approval is obtained from" the Committees on Appropriations for the addition of repairs and alterations projects, emergency repairs, and new construction and repairs and alterations project escalations exceeding 10 percent, to "advance notice is transmitted to" the Committees on Appropriations for these actions. While the committees still retain control over projects, this change will permit GSA to conduct its capital program in a more timely and responsive manner.
4. Deleted language related to Purchase Contract Buildings since they are now government-owned and financed.

**General Services Administration
PUBLIC BUILDINGS SERVICE
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**Explanation of Estimates
Construction and Acquisition
of Facilities**

New Obligational Authority
(Dollars in Thousands)

FY 1998 Actual \$50	FY 1999 Current \$492,190 ¹	FY 2000 Request \$102,194 ²
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¹Excludes \$400 thousand of indefinite authority for telecommuting.

²Excludes \$468 thousand of indefinite authority for telecommuting.

Strategic Goals	Strategic Objectives	Performance Goals	Performance Measures
Promote Responsible Asset Management	Conserve taxpayer investment and maximize return on investment	- Complete all construction projects on schedule - Minimize cost escalations on projects	- Percent of projects delivered on time (Target: 80%) - Project escalations divided by value of construction projects completed each year (Target: 2% or less)
Excel at Customer Service	Incorporate customer feedback and customer satisfaction data in planning and decision-making processes	Increase percentage of tenants satisfied with our space and services in newly constructed buildings	Percentage of tenants in newly constructed buildings that rate space and services as satisfactory or better on IFMA tenant satisfaction surveys (Target: 90%)

General Program Description

PBS surveys the housing needs of its client agencies and the availability of Federal housing in communities nationwide. We recommend construction projects to meet new housing needs of an agency or to consolidate several dispersed agencies with long-term housing requirements.

PBS's experience has shown that a construction and ownership solution for special purpose and unique facilities, such as courthouses and border stations is often the best housing solution because these facilities are not readily available in the real estate market. PBS may purchase existing facilities and may also acquire construction sites through purchase or exchange.

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

Budget Summary

Highlights
• \$55,915 thousand for consolidation of FDA • \$31,979 thousand for five Border Stations • \$10,000 thousand for non-prospectus projects • \$4,300 thousand for demolition in preparation for new United Nations Mission facility

The following details our budget request of \$102,194 thousand, for fiscal year 2000 and \$163,450 thousand in advance appropriation for fiscal year 2001.

Border Station Program--\$31,979 thousand

This budget requests \$31,979 thousand for five border station projects.

PBS designs, constructs, leases, appraises, alters, operates, and maintains northern and southern U.S. border inspection facilities. These facilities accommodate the requirements of the Federal Inspection Services (FIS), which include the U.S. Customs Service, the Immigration and Naturalization Service, and the Department of Agriculture.

Through the Border Station Center of Expertise and the Border Station Council, PBS and the FIS work together to plan border station projects. Planning considerations include available capacity at the stations, the condition of the present facilities, and the current and projected traffic flows.

The result is the creation of an annual Top-Ten list for the next budget and planning cycle, as well as a consolidated five-year plan. The list includes prospectus level construction and alteration projects, other projects below prospectus level estimated to cost more than \$100 thousand, and proposed joint U.S./Canada border stations. PBS is responsible for budgeting and funding the U.S. portion of these joint stations. PBS works with the Canadian Customs in Ottawa to arrive at an agreed upon list of border stations

FDA Consolidation--\$55,915 thousand

This program includes \$55,915 thousand for the Food and Drug Administration (FDA) headquarters consolidation project in Montgomery County, Maryland. Fiscal year 2000 funding for Phase I of this project includes funding for the design of the entire consolidation effort and the construction of a laboratory for FDA's Center for Drug Evaluation and Research (CDER).

Additional funding for construction and management and inspection will be required in future years to complete consolidation of FDA programs. The FDA is currently housed in more than 48 Government-owned and leased buildings at 20 locations throughout the Washington, DC, metropolitan area.

PBS seeks an advance appropriation in this budget for \$80,450 thousand in fiscal year 2001 for the construction of office space for CDER.

**General Services Administration
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FEDERAL BUILDINGS FUND**

**Non-Prospectus Construction
Projects--\$10,000 thousand**

This program funds small projects of less than prospectus level (\$1,930 thousand).

These funds are also used to purchase small parcels of land and to construct small buildings such as child care centers, storage buildings, and ancillary buildings at border stations. Between fiscal years 1993 and 1997 PBS earmarked \$11,250 thousand for Pilot Project Telecommuting Centers. This request includes \$1,974 thousand to continue the Pilot Projects in fiscal year 2000.

These expenditures are justified by the same stringent return on investment (ROI) analysis used to justify other capital and R&A expenditures. By applying our Treasury-based "hurdle rate" of 6.1 percent, we ensure the non-prospectus construction projects represent opportunities to invest the Government's resources wisely.

**U.S. Mission to the United Nations--
\$4,300 thousand**

This funding enables us to demolish the existing Federal Building in preparation for construction of a new facility on the site. The new facility will fulfill consolidation and expansion needs of the offices and related functions of the U.S. Mission in a more secure and efficient structure.

**Advance Appropriations for Fiscal
Year 2001--\$163,450 thousand**

PBS is seeking advance appropriations of \$163,450 thousand for direct funding

to the Federal Buildings Fund in fiscal year 2001.

This advance request includes the \$80,450 thousand in direct appropriations for the FDA headquarters consolidation project and \$83,000 thousand for the Alcohol, Tobacco, and Firearms headquarters in Washington, DC.

Performance Plan

The Construction and Acquisition of Facilities program goals aim for timely completion of construction projects, minimization of cost overruns, and meeting needs while obtaining value of tax dollars.

***Promote Responsible Asset
Management***

In our Performance Plan, we set objectives to deliver projects on schedule and minimize cost escalations. On a quarterly basis, we assess the schedule and cost performance of our major construction projects. Currently, 76 percent of the total project value for projects is on schedule. Our fiscal year 2000 goal is to execute our construction program within the appropriated level and deliver 80 percent of our major projects on schedule. Also, we plan that 2 percent or less of our project costs be attributed to project escalations.

We assess the performance of ongoing and completed projects, while using unit cost benchmarks to test the reasonableness of our estimates at project conception. We continually monitor these measures to prevent extensive change orders and schedule delays.

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FEDERAL BUILDINGS FUND**

Excel at Customer Service

We will develop a survey which will randomly select tenants housed in various newly constructed buildings to measure their satisfaction with the space and services. Our goal is to obtain an 85 percent satisfactory rating from those housed in our new buildings.

Budget Summary Information

The following exhibits provide information regarding the overall aspect of the Construction and Acquisition program:

Exhibit 8 - Summary of Fiscal Year 2000 Program

Exhibit 9 - Project Descriptions

**General Services Administration
PUBLIC BUILDINGS SERVICE**

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CONSTRUCTION AND ACQUISITION OF FACILITIES SUMMARY OF FY 2000 PROGRAM (Dollars In Thousands) IN PRIORITY ORDER										
ESTIMATED TOTAL PROJECT COST						FY 2000 REQUEST				
SITE	DESIGN	CONSTRUCTION	MAI	TOTAL		SITE	DESIGN	CONSTRUCTION	MAI	TOTAL
Nonprospective construction.....	-	10,000	-	10,000		-	-	10,000	-	10,000
New York, NY, U.S. Mission to the UN.....	3,163	47,133	2,862	53,248		-	-	4,022	278	4,300
Rooseville, MT, BS.....	100	653	515	7,631		100	653	-	-	753
Fort Hancock, TX, BS.....	45	232	1,854	2,131		45	232	-	-	460
Swedgrass, MT, BS.....	400	912	838	12,539		253	-	10,391	636	11,400
Oroville, WA, BS.....	620	915	750	12,741		-	-	10,456	750	11,206
Sault Sainte Marie, MI, BS.....	122	700	561	8,835		-	250	7,452	561	8,263
Montgomery Co., MD, FDA Consolidation.....	28,976	438,717	19,870	488,563		-	25,976	29,939	-	55,915
Total	1,267	533,468	25,670	595,974		398	27,111	72,260	2,425	102,194
						FY 2001 ADVANCE APPROPRIATION				
Washington, DC, ATF Headquarters.....	-	-	-	-		-	-	83,000	-	83,000
Montgomery Co., MD, FDA Consolidation.....	-	-	-	-		-	-	80,450	-	80,450
	-	-	-	-		-	-	163,450	-	163,450

General Services Administration PUBLIC BUILDINGS SERVICE

Construction and Acquisition of Facilities Project Descriptions

DISTRICT OF COLUMBIA

Bureau of Alcohol, Tobacco, and Firearms Headquarters Facility

This project proposes the construction of a new 422,000 gross square foot building, including approximately 200 inside parking spaces, for the headquarters of the Bureau of Alcohol, Tobacco, and Firearms (ATF), the Department of the Treasury, currently located in two leased buildings in Washington, DC.

The proposed facility would provide a single tenant building for ATF, so that security is not compromised. ATF will control access to the building and site, including vehicular access. All parking inside and outside the building will be controlled by ATF. The building will be constructed according to newly developed design standards for secure facilities. Parking, building mechanical spaces, and some operational space will be provided below grade. Security measures such as blast resistant, non-collapsible construction techniques, larger than customary setbacks on the site, and controlled loading dock entry, will be incorporated in the building.

The Department of the Treasury already has received \$6,700 thousand in the 1995 Emergency Supplemental Appropriations Act, a portion of which has been used for planning and preliminary design of the proposed facility. Treasury has also included a request for \$15,000 thousand in its fiscal year 2000 budget for the site acquisition and related activities.

GSA seeks an advance appropriation in this budget for \$83,000 thousand in fiscal year 2001 for the construction of the ATF headquarters facility.

MARYLAND

Montgomery County - Food and Drug Administration Consolidation.....\$55,915,000

This project will provide consolidated office and laboratory space for Food and Drug Administration (FDA) headquarters components at White Oak in Montgomery County, MD. Currently, the FDA headquarters components are housed in 48 buildings at 20 locations throughout the Washington, DC, metropolitan area. FDA currently occupies approximately 2.1 million gross square feet (gsf) in both leased and Government-owned space in the District of Columbia, Montgomery and Prince George's Counties, Maryland.

Fiscal year 2000 funding for Phase I of this project includes funding for the design of the entire consolidation effort and the construction of a 100,000 gsf laboratory for FDA's Center for Drug Evaluation and Research (CDER).

Design for CDER is scheduled to begin in March 1999 and to be completed by April 2000. Construction is scheduled to begin in September 2000 and to be completed in 2002.

Design funding (\$11,785 thousand) for pre-design, planning, and site selection for this project was completed with prior year funding. Additional design (\$3,000 thousand) and management and inspection (\$2,173 thousand) for the CDER laboratory construction will be provided from prior year funding.

We seek advance appropriation in this budget for \$80,450 thousand in fiscal year 2001 for the construction of 469,000 gsf of office space for CDER. It will consist of construction (\$76,651 thousand) and management and inspection (\$3,799 thousand). Construction for this office space is planned to begin March 2001.

This request is for the design (\$25,976 thousand) of the FDA headquarters consolidation effort and construction funding (\$29,939 thousand) for the CDER laboratory and \$80,450 thousand for construction of CDER office space. Additional estimated construction (\$409,778 thousand) and management and inspection (\$17,697 thousand) funding will be requested in a future year. The estimated total project cost is \$500,348 thousand.

General Services Administration PUBLIC BUILDINGS SERVICE

Construction and Acquisition of Facilities Project Descriptions

MICHIGAN

Sault Sainte Marie - Border Station.....\$8,263,000

This project proposes the construction of a new border station in Sault Sainte Marie, MI. The border station will contain 48,000 gsf including canopied areas. It will provide expanded office, lobby and storage space, five primary inspection lanes, a garage, and a secondary inspection building for the search of buses and private vehicles. The expanded on-site parking area will accommodate 18 commercial vehicles, 10 visitor vehicles, two official vehicles and a seven vehicle impound lot.

The new facility will replace an existing border station that is overcrowded and does not provide sufficient space to allow agencies to perform their missions. From 1981 through 1997, the annual traffic count has increased an aggregate 145 percent. The commercial count has increased steadily at an average of seven percent per year.

Site acquisition (\$122 thousand) and design (\$450 thousand) were funded in fiscal year 1999. This request is for additional design (\$250 thousand), construction (\$7,452 thousand), and management and inspection (\$561 thousand). The estimated total project cost is \$8,835 thousand.

MONTANA

Roosville - Border Station.....\$753,000

This project proposes the site acquisition and the design of a new border station in Roosville, MT. The border station will contain 28,378 gsf including canopied areas and inside parking for six vehicles. It will provide expanded office, lobby and storage space, 3 primary inspection lanes, a secondary inspection building to accommodate both commercial and non-commercial vehicles, a commercial warehouse with two dock spaces and an enclosed firing range. There will also be larger and more secure parking areas including a fenced impoundment lot for eight vehicles, a commercial lot for 10 oversize vehicles (including four trucks, two buses, and three recreational vehicles), one space for hazardous vehicles, and a visitor/employee lot for 25 vehicles.

The new facility will replace the existing overcrowded and functionally obsolete border station in Roosville. The existing station is no longer equipped to process the volume of traffic that currently passes through it and does not meet the existing or future requirements of the tenant agencies.

This request is for site acquisition (\$100 thousand) and design (\$653 thousand). Construction (\$6,363 thousand) and management and inspection (\$515 thousand) funding will be requested in a future year. The estimated total project cost is \$7,631 thousand.

Sweetgrass - Border Station.....\$11,480,000

This project proposes the construction of a new shared United States/Canadian border station at Sweetgrass, MT, and Coutts, Alberta. This prospectus requests funding only for the United States portion of the project costs.

The border station will contain 76,232 gsf (40,184 for the United States, 24,844 gsf for Canada and 11,204 gsf of shared space) including canopied areas and inside parking for 15 vehicles. The facility will provide expanded office, lobby, and storage space and communications and equipment monitoring rooms. There will be two commercial and three non-commercial inspection lanes, a secondary inspection building to accommodate both commercial buses and private vehicles, and a commercial warehouse with four loading dock stalls. Also, there will be larger and more secure parking areas, including a fenced impoundment lot for 28 vehicles, a commercial lot for 18 trucks, a visitor/employee lot for 36 vehicles and oversized parking spaces for seven vehicles. Shared areas include conference/training, locker rooms, lunch rooms, computer rooms, building support, inside parking, storage and restrooms.

The new facility will replace an existing border station that is functionally obsolete. With the involvement of bi-national inspection agencies, the proposed site size and traffic circulation requirements have increased requiring the acquisition of eight additional acres. The additional land acquisition is expected to increase the total site amount to \$400 thousand.

General Services Administration PUBLIC BUILDINGS SERVICE

Construction and Acquisition of Facilities Project Descriptions

MONTANA - continued

Sweetgrass - Border Station - continued

The final site cost will be determined by property appraisals

Site acquisition (\$147 thousand) and design (\$912 thousand) were funded in fiscal year 1997. This request is for additional site funds (\$253 thousand), construction (\$10,391 thousand), and management and inspection (\$836 thousand). The estimated total project cost is \$12,539 thousand.

NEW YORK

New York - U.S. Mission to the United Nations.....\$4,300,000

This project will demolish the existing building, known as 799 United Nations Plaza, located in midtown Manhattan, and construct a new facility on the existing site for the consolidation and expansion of the offices and related functions of the U.S. Mission to the United Nations. The new facility will consist of 141,307gsf, including 10 inside parking spaces for official diplomatic vehicles, and will house 292 employees.

Design (\$3,163 thousand) was funded in fiscal year 1999. This request is for construction funds for demolition (\$4,022 thousand) and management and inspection (\$278 thousand). The balance of funding, remainder of construction (\$43,111 thousand), and remainder of management and inspection (\$2,674 thousand), will be requested in a future fiscal year. The estimated total project cost is \$53,248 thousand.

TEXAS

Fort Hancock - Border Station.....\$277,000

This project proposed the site acquisition and design of a new border station in Fort Hancock, TX. The border station will contain 9,659 gsf including canopied areas. The proposed facility will consist of an administration building, a primary inspection area, secondary inspection area, exit control booths, an impoundment lot, and parking for visitors, employees, and Government vehicles. The facility will provide additional office, lobby and storage space, two primary inspection lanes, and a covered secondary inspection area for four vehicles. It will also provide secure parking areas including a fenced impoundment lot for seven vehicles, a special permit lot for 10 vehicles, and a visitor/employee lot for 16 vehicles.

The new facility will replace the existing overcrowded and functionally obsolete border station at Fort Hancock which is currently owned and operated by the Immigration and Naturalization Service. Border crossings at Fort Hancock have increased 30 percent in the last five years and it is anticipated that this trend will continue as commercial development increases in future years.

This request is for site acquisition (\$45 thousand) and design (\$232 thousand). Funding for construction (\$1,954 thousand) and for management and inspection (\$186 thousand) will be requested in a future fiscal year. The estimated total project cost is \$2,417 thousand.

WASHINGTON

Oroville - Border Station.....\$11,206,000

This project proposes the construction of a new 68,757 gsf border station at Oroville, WA. The new border station will replace the existing border station, which is overcrowded and functionally obsolete. The new facility will be occupied by the U.S. Customs Service, the Immigration and Naturalization Service, the Animal and Plant Health Inspection Service, and GSA. These three inspection agencies are responsible for monitoring all traffic and cargo entering the United States.

General Services Administration PUBLIC BUILDINGS SERVICE

Construction and Acquisition of Facilities Project Descriptions

WASHINGTON - continued

Oroville - Border Station - continued

When complete, the new border station will incorporate the projected 10-year requirements of the inspection agencies. A recent initiative to construct shared facilities with the Canadian Government could influence the final design of this project. Should this project become a shared border crossing, the result would be a more efficient and operationally more cost effective facility for the citizens on both sides of the international boundary.

Site acquisition (\$620 thousand) and design (\$915 thousand) were funded in fiscal year 1997. This request is for the construction (\$10,456 thousand) and for management and inspection (\$750 thousand). The estimated total project cost is \$12,741 thousand.

OTHER ACTIVITIES

Non-Prospectus Projects.....\$10,000,000

Funds in the amount of \$10,000 thousand are requested for the development of projects below the \$1,930 thousand prospectus threshold. Small project funds have been used to erect special purpose storage buildings, border station facilities, depot service and warehouse buildings, and a small courthouse. The funds have also been used to acquire a motor pool, build parking lots, purchase sites, build child care facilities, and purchase property in conjunction with a Presidential National Historic Site. This request includes \$1,974 thousand for continued operation of the Pilot Project Telecommuting Center.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**Explanation of Estimates
Repairs and Alterations**

New Obligational Authority
(Dollars in Thousands)

FY 1998 Actual \$238,658 ¹	FY 1999 Current \$673,031 ²	FY 2000 Request \$664,869 ³
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¹Includes \$1,591 thousand of indefinite authority

²Excludes \$2,200 thousand of indefinite authority

³Excludes \$2,200 thousand of indefinite authority

Strategic Goals	Strategic Objectives	Performance Goals	Performance Measures
Promote responsible Asset Management	Conserve taxpayer investment in real and personal property and maximize the government's return on investment	- Complete all repairs & alterations projects on time - Minimize cost escalations on repair and alteration projects	- Percent of repairs & alterations projects delivered on time (weighted by cost) (Target: 83%) - Project escalations divided by value of repairs and alterations projects completed each year (Target: 2% or less)
Compete Effectively for the Federal Market	Provide quality products and services at competitive prices and achieve significant savings for Federal agencies	Meet client agency space needs at best value to the client and the taxpayer	On-time performance guarantees paid vs. guarantees offered (Target: under development)

General Program Description

The Repairs and Alterations (R&A) program funds work necessary to keep our building inventory in a proper state of repair, modernize outdated space and facilities, improve health and safety, recapture vacant Government-owned space, and address other special program needs.

Budget Summary

Highlights
- Basic Program \$350,000 thousand - Major Modernization \$200,959 thousand - CFC Replacement \$20,000 thousand - Energy Program \$20,000 thousand - Elevator Requirements \$24,195 thousand - Design Program \$17,715 thousand - Glass Fragment Retention \$32,000 thousand

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

We request a total of \$664,869 thousand.

Our strategic plan gives top priority to investment in our existing Government-owned assets to:

- maintain their economic value;
- ensure our continuing ability to house Federal agencies and support their mission requirements; and
- enable GSA to charge market-comparable Rent rates sufficient to permit needed reinvestment in these assets over their life cycle.

The facilities under our stewardship have a replacement value of about \$30,000,000 thousand. The repair and upgrade of these assets is always our top priority for capital funds. Without sufficient funds to properly maintain and modernize our buildings, we will fail in our stewardship role and the value of this government resource will decline.

We are using a Return on Investment (ROI) measure to determine the financial impact of each repair and alteration project. This use of ROI is similar to the way capital real estate investments are evaluated in the private sector. The screening tells us, among other things, whether an R&A project will add to or detract from net income in the FBF when the project is complete. Using the ROI measure strengthens the long-term fiscal health of the FBF. The Asset Investment Strategy included in this section explains in detail the criteria and methodology used to select projects for capital investment.

The major alteration program, combined with the basic program, is budgeted at approximately 2.5 percent of the

replacement value of PBS's Government-owned inventory. This amount falls in the range of the funding level recommended by the National Research Council and is consistent with private sector practice.

The R&A program consists of the following categories:

- Basic Program (below prospectus level)
- Major Alteration Construction Projects (prospectus level)
- Chlorofluorocarbon Replacement Program
- Energy Program
- Design Program
- Elevator Replacement Program
- Glass Fragment Retention

Basic Program--\$350,000 thousand

The current request for basic repairs and alterations work is based on a five year needs assessment of our inventory. We are requesting a funding level of \$350,000 thousand.

The basic program is designed to ensure day-to-day operational continuity of assets in GSA's portfolio. It includes work in buildings below the prospectus threshold of \$1,930 thousand for basic repairs, health and safety, vacant space recapture, and special programs. The basic program is essential for preserving PBS's capital assets between major reinvestments. PBS's objective is to provide consistent levels of quality space and services that meet the mission-related needs and expectations of client agencies housed in owned capital assets.

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FEDERAL BUILDINGS FUND**

The basic program includes \$77,000 thousand for alterations necessary to recapture 2,200 thousand square feet of vacant space and produce an income flow from Federally owned property. Other categories include fire, safety, and seismic work as well as necessary systems repairs essential to the operation of government buildings.

Major Modernization Construction Projects--\$200,959 thousand

The 13 projects in this category are modernization or alteration projects, which include significant repairs intended to remedy deterioration in essential building systems such as heating, ventilation, air conditioning, plumbing, electrical, elevators, fire safety, and exterior structure. We require space alterations in some cases to recapture vacant space for planned future occupancy and in other instances to remodel space for existing building tenants. This program results in a 1,600 thousand square foot reduction in vacant Government owned space.

Chlorofluorocarbon (CFC) Replacement-- \$20,000 thousand

This program achieves three goals:

1. Reducing operating expenses. Every year it becomes more expensive to maintain chillers that use CFC cooling agents because CFC's are no longer produced.
2. Prudent replacement of older, less efficient CFC chiller systems.
3. Accomplishing environmental goals - reduction of CFC's.

Energy Program--\$20,000 thousand

The Energy Policy Act of 1992 requires Federal agencies to reduce energy usage by 20 percent by fiscal year 2000 compared to the fiscal year 1985 base year. Executive Order 12902 stretches this goal and requires agencies to reduce energy consumption by 30 percent by fiscal year 2005, also compared to fiscal year 1985.

Elevator Replacement-Various Buildings--\$24,195 thousand

Elevator reliability and code compliance are among the highest building maintenance priorities, both in terms of safety and customer satisfaction in multi-story buildings. Our request includes elevator replacement in eight buildings.

Design Program--\$17,715 thousand

Our request funds the design costs of 13 proposed projects: seven are basic system replacement or life safety projects and six are projects to recapture vacant space, including associated systems work

Glass Fragment Retention--\$32,000 thousand

Our request of \$32,000 thousand funds the additional window protection recommended by the Department of Justice's "Vulnerability Assessment of Federal Facilities." These funds will provide a minimum security standard of glass fragment retention for windows in Federal buildings. The methods used will protect employees and visitors from flying glass fragments and reduce damage in the event of an explosion.

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

Future construction funding will be requested in one or more future years.

Asset Investment Strategy

PBS benchmarks its capital reinvestment (R&A) funding level in a manner similar to that used by large real estate firms in the private sector. The PBS asset investment strategy is comprised of three main elements:

- Assessment of the Current Portfolio
- Economic Analysis
- Asset Investment Priorities

Assessment of the Current Portfolio

The investment strategy is based on a "bottom-up", building-by-building analysis of each asset in the PBS inventory. We accomplish this analysis through the use of asset business plans. These plans summarize the operating performance of our buildings, their physical layout, income and expenses, condition and needs, customer satisfaction, and our market and investment strategy for each asset.

The asset business plans set forth a strategy for each asset, formulated in light of our tenant agencies' needs and our space profile in any given location. These plans are reviewed and updated continually.

In addition, PBS embarked on a program enabling regions, cities, and local planning groups to formally collaborate with PBS and its Federal agency customers as they develop long-term asset plans.

Economic Analysis

By analyzing the asset business plans, our regional offices recommended those projects considered most critical for inclusion in this budget. Each project is subjected to a detailed economic analysis, including ROI, that projects the long term effect of the investment on the FBF. All construction estimates are benchmarked against the private sector. We compare the income stream produced by the investment with other projects and with our existing portfolio return in an effort to properly allocate our investment resources.

Further, the analysis includes a projection of likely R&A expenditures for each asset over the life of the projection period, as well as an estimate of its continuing value to the taxpayer in terms of the comparable market rent our client agencies would be willing to pay.

We evaluated each project proposed for funding in the fiscal year 2000 program as an investment that was minimally required to yield a return in excess of the Department of the Treasury's financial instruments of comparable maturity—in this instance, 30 years. The project proposals included in the fiscal year 2000 budget request all exceed our Treasury-based "hurdle rate" of 6.1 percent by a comfortable margin. They are also consistent with the specific asset investment priorities we established.

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

Asset Investment Priorities

In addition to ROI, the following criteria are used to set and adjust priorities:

1. Maintaining the operational viability of owned assets through day-to-day repairs and alterations to justify charging market rates.
2. Altering vacant space in owned assets to relocate client agencies from more costly lease space into Government-owned space when available, or to provide expansion space.
3. Completing planned modernizations of major buildings to support client agencies' missions and to enhance value.
4. Providing new housing solutions (construction, acquisition and leasing) to meet the changing requirements of client agencies.
5. Protecting the safety and health of tenants and visitors in owned and leased assets.

Considerations For Long-Term Asset Investment

At both the local and the national levels, PBS's overall strategy accounts for the impact of downsizing occurring within the Federal workforce, the changes in the Federal workplace affecting GSA's real property portfolio, and the types of space and services provided to client agencies. PBS is committed not just to house as many agencies as we can in Government buildings but also to provide the kinds of workplaces required by the Federal workforce as methods and equipment for working change with technology.

Through its long-term asset investment strategy, PBS seeks to accomplish two primary objectives. First, we improve asset utilization by back-filling space in underutilized owned properties from leased space, improving utilization of space throughout the portfolio, and excessing properties when it is in the best financial interest of the Government. Second, we contribute to the social and economic vitality of local communities through opportunities created by Federally funded R&A projects.

PBS coordinates its efforts with state and local planning entities and engages the public at large for input and comment. GSA strives to accommodate the views of all state and local groups while providing safe, healthy, and high-quality workspace for Federal agencies.

Performance Plan

The goal of the R&A program is to aggressively preserve and increase the value of its real estate portfolio, to renovate valued historic structures, and to ensure that buildings operate efficiently and meet agency needs.

Promote Responsible Asset Management

To assess the performance of our R&A program we track whether our major projects are on schedule, minimize cost escalation and how much non-income producing space is being eliminated.

On a quarterly basis, we assess the cost and schedule performance of our major renovation projects. Our current performance is 76 percent of the total project value for projects on schedule.

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FEDERAL BUILDINGS FUND**

Our fiscal year 2000 goal is to execute our major renovation program within the appropriated level and deliver 80 percent of our major projects on schedule. Also, we plan that 2 percent or less of our project costs be attributed to project escalations.

In fiscal year 2000, we plan to recapture 3,800 thousand square feet of vacant, non-revenue producing space.

Compete Effectively for the Federal Market Share

Our performance goals include meeting client agencies space needs at the best value to the client and the taxpayer. We will provide quality products and services at competitive prices and

achieve significant saving for Federal agencies. We will monitor this effort by looking at the on-time performance guarantees paid out versus the guarantees offered to the client. We will modify financial systems to accurately capture the guarantee amounts and delivery timeframe data.

Budget Summary Information

The following exhibits provide information regarding the overall aspects of the Repairs and Alterations program:

Exhibit 10 - Summary of Fiscal Year 2000 Program

Exhibit 11 - Project Descriptions

	ESTIMATED TOTAL PROJECT COST				FY 2000 REQUEST			
	DESIGN	CONSTRUCTION	M&I	TOTAL	DESIGN	CONSTRUCTION	M&I	TOTAL
Repairs and Alterations Design Program								
Chicago, IL, 530 Clark St.....	1,372	21,469	1,245	24,086	1,372	-	-	1,372
Jacksonville, FL, Bennett FB.....	1,930	21,701	1,851	25,482	1,930	-	-	1,930
Kansas City, MO, 9530 Ward Parkway.....	793	8,318	646	9,757	793	-	-	793
Phoenix, AZ, FB-CT.....	1,428	15,000	1,296	17,724	1,428	-	-	1,428
Detroit, MI, McManera FB.....	1,734	24,802	1,622	28,159	1,734	-	-	1,734
Las Vegas, NV, Foley FB-CT.....	1,365	17,950	1,233	20,548	1,365	-	-	1,365
Lakewood, CO, DFC Bldg. 67.....	676	8,098	535	7,309	676	-	-	676
Baltimore, MD, Fallon FB.....	1,120	12,300	981	14,411	1,120	-	-	1,120
Seattle, WA, Jackson FB.....	1,728	23,028	1,614	26,370	1,728	-	-	1,728
Portsmouth, NH, McIntyre FB.....	829	8,636	679	10,144	829	-	-	829
Des Moines, IA, FB.....	988	10,807	848	12,641	988	-	-	988
Dallas, TX, Cabell FB-CT & Santa Fe FB.....	1,360	13,959	1,232	16,551	1,360	-	-	1,360
Washington, DC, Switzer FB.....	2,392	33,750	2,424	38,566	2,392	-	-	2,392
Total	17,715	217,819	16,214	251,748	17,715	-	-	17,715

General Services Administration PUBLIC BUILDING SERVICE

Repairs and Alterations FY 2000 Construction Phase Project Descriptions

VARIOUS LOCATIONS

Energy Program.....\$20,000,000

This request will provide for the implementation of energy retrofit and conservation measures in Government-owned buildings during fiscal year 2000. The projects to be funded will have savings-to-investment ratios greater than one, and will provide reasonable payback periods that average five years.

The Federal Energy Management Improvement Act (Public Law 100-615) required Federal agencies to reduce energy consumption by 10 percent by the end of fiscal year 1995. Further, the Energy Policy Act of 1992 requires that all Federal agencies reduce energy consumption by 20 percent by fiscal year 2000. In addition, Executive Order 12902 requires Federal agencies to take actions to reduce energy consumption by 30 percent by fiscal year 2005. The General Services Administration met the 10 percent goal in 1995 and has been actively pursuing actions towards the fiscal year 2000 goal. At the end of fiscal year 1998, GSA had reduced energy consumption by 17.3%. We expect that at the end of fiscal year 1999 our consumption will be reduced by 19% compared to the 1985 baseline. By investing \$20 million in cost effective energy projects in fiscal year 2000, GSA will reduce energy consumption by 1.9%, representing a cost avoidance of \$3.8 million and moving us towards meeting the 30% reduction goal of 2005.

The estimated total program cost (in thousands) is as follows:

	<u>Design</u>	<u>Construction</u>	<u>M&I</u>	<u>Total</u>
Current Funding	\$ 3,414	\$58,818	\$ 2,990	\$ 65,222
FY 2000 Request	\$ 205	\$19,212	\$ 583	\$ 20,000
Future Years	<u>\$ 20,129</u>	<u>\$ 185,370</u>	<u>\$ 13,497</u>	<u>\$ 219,996</u>
Total	\$ 23,748	\$264,400	\$ 17,070	\$ 305,218

Chlorofluorocarbons Program.....\$20,000,000

This design/build program request will provide for projects during fiscal year 2000 as the third phase of a multi-year program to replace or retrofit existing air-conditioning equipment which presently uses chlorofluorocarbon (CFC) refrigerants. These CFC's, when vented or lost to the atmosphere, reduce the protective stratospheric ozone layer. Scientific findings indicate that CFC emissions are depleting the stratospheric ozone layer which leads to increased and harmful quantities of ultraviolet radiation reaching the earth's surface. The Clean Air Act Amendments of 1990 (CAAA) (P.L. 101-549) established a phaseout schedule and yearly reduction percentages for ozone-depleting chemicals. The amendment promotes recycling, bans the deliberate venting or releasing of refrigerants during maintenance, service, repair or disposal, restricts emission of refrigerants, and establishes strict control over their use. In February 1992, the phaseout of the more adverse ozone-depleting refrigerants was accelerated from the year 2000, which was established by the CAAA, to the end of 1995.

The estimated total program cost (in thousands) is as follows:

	<u>Design</u>	<u>Construction</u>	<u>M&I</u>	<u>Total</u>
Current Funding	\$1,164	\$ 96,587	\$ 3,518	\$101,259
FY 2000 Request	\$205	\$ 19,212	\$ 583	\$ 20,000
Future Years	<u>\$ 5,981</u>	<u>\$584,201</u>	<u>\$ 20,189</u>	<u>\$ 610,381</u>
Total	\$ 7,350	\$ 700,000	\$ 24,290	\$ 731,640

Elevators - Various Buildings.....\$24,195,000

Elevator reliability and code compliance is one of the highest building maintenance priorities, both in terms of egress and in terms of customer satisfaction in multi-story buildings. Elevator costs and numbers generally require that these be prospectus projects. As a result of the continual need for repair and upgrade of elevators in the inventory, this has required an elevator prospectus project in most recent years. Combining the elevator needs into a single prospectus makes sense to minimize complexity of providing funding and authorization for similar work in many buildings. As elevators reach the end of their useful life, they require excessive maintenance and exhibit a lack of up to date technology. Code compliance and proper functioning of elevators are critical for both local fire officials for access, fire management, and efficient egress for client agencies.

General Services Administration PUBLIC BUILDING SERVICE

Repairs and Alterations FY 2000 Construction Phase Project Descriptions

VARIOUS LOCATIONS - continued

Elevators - continued

Building	Location	Total (\$000)
6 World Trade Center	New York, NY	\$2,945
Theodore Dulski FB	Buffalo, NY	\$1,753
Federico Degetau FB	Hato Rey, PR	\$2,400
William Moorhead FB	Pittsburgh, PA	\$5,007
Fritz Lanham FB	Fort Worth, TX	\$4,980
Miscellaneous Buildings	Washington, DC	\$7,100
Total		\$24,195

Glass Fragment Retention.....\$32,000,000

Executive Order 12977, establishes the need to increase the security measures in Federal facilities with high-volume public contact and high risk tenant agencies. On June 28, 1995, the DOJ issued security enhancement recommendations in a report entitled "Vulnerability Assessment of Federal Facilities" which the President directed all executive departments and agencies to implement the recommendations. The report recommended that GSA provide as a minimum standard glass fragment retention for windows in Level IV Federal buildings. Level IV buildings are facilities that have over 450 employees. In addition, the facility likely has more than 150,000 square feet, high-volume public contact and contains high-risk law enforcement and intelligence agencies.

The application of a polymer film to windows will protect employees and visitors from flying glass fragments and reduce the possibility of damage due to flying glass fragments in the event of an explosion. Some buildings, however, may require alternative systems such as laminated glass, polycarbonate sheeting, blast curtains or fine metal mesh screens.

ALABAMA

Montgomery - Frank M. Johnson, Jr. Federal Building - Courthouse.....\$11,606,000

This project proposes construction funding for the modernization of the Frank M. Johnson, Jr. Federal Building Courthouse (FB-CT) located at 15 Lee Street in Montgomery, AL. The FB-CT, completed in 1933, is listed on the National Register of Historic Places. The five story, reinforced concrete structure is clad with limestone with a granite base and brick veneer. The FB-CT contains 134,553 gross square feet of space.

In conjunction with the construction of the new courthouse building and secure parking area adjacent to the existing FB-CT, the proposed alteration of the FB-CT will enable the consolidation of court and court-related agencies currently housed in leased space into Government-owned space and will meet the 10-year space requirements of the U.S. District courts and court-related agencies.

Funding for design (\$988 thousand) was provided in fiscal year 1996. This request is for construction (\$10,647 thousand) and management and inspection (\$959 thousand). The estimated total project cost is \$12,594 thousand.

ALASKA

Anchorage - Federal Building - Courthouse Annex.....\$21,098,000

This project proposes repair and modernization of the Federal Building - Courthouse (FB-CT) located at 222 West 7th Avenue and its annex, which is located adjacent at 222 West 8th Avenue in Anchorage, AK. The FB-CT was constructed in 1976 and provides 638,376 gross square feet of space, including 479 inside parking spaces. The FB-CT main building is comprised of six interconnected modules, Modules A-F, with up to six floors in each module. The annex, Module G contains 66,690 gross square feet.

General Services Administration PUBLIC BUILDING SERVICE

Repairs and Alterations FY 2000 Construction Phase Project Descriptions

ALASKA - continued

Federal Building - Courthouse Annex - continued

of space. The annex, completed in 1980 and located directly across the street from the FB-CT, is connected to the main building by an underground tunnel.

The project includes: upgrade of HVAC, replacement and upgrade of the fire alarm system, replacement of the main building's leaking roof, and repairs to the leaking roof and building envelope assemblies of the annex. Other work includes additional restrooms, upgrade of existing bathrooms and space alterations needed to backfill vacant space.

Design (\$1,425 thousand) was funded in fiscal year 1996. This request is for additional design (\$76 thousand), construction (\$19,705 thousand) and management and inspection (\$1,317 thousand). The estimated total project cost is \$22,523 thousand.

CALIFORNIA

Menlo Park - USGS Building 1.....\$6,831,000

This project proposes the repair and alteration of U.S. Geological Survey (USGS) Building One located in Menlo Park, CA. The building, constructed in 1953, requires replacement of aged mechanical systems, upgrade of electrical, lighting, and other architectural features and finishes. The building houses approximately 150 employees of the USGS in office and laboratory space.

This project will improve building energy efficiency and lower maintenance costs through the installation of a new HVAC system, new ventilation ducts, and energy efficient windows. Additional work items include the upgrade of electrical systems, Americans with Disabilities Act compliance improvements, and removal of asbestos and lead based paint where found. In addition, this project will upgrade the fire alarm system and improve building egress.

Design (\$412 thousand) was funded in fiscal year 1996. This request is for additional design (\$135 thousand), construction (\$6,023 thousand), and management and inspection (\$673 thousand). The estimated total project cost is \$7,243 thousand.

Menlo Park - USGS Building 2.....\$5,284,000

This project proposes the repair and alteration of U.S. Geological Survey (USGS) Building Two located in Menlo Park, CA. Constructed in 1956, the building requires replacement of aged mechanical systems, upgrade of electrical systems, lighting, and other architectural features and finishes.

This proposed project includes heating, ventilation, and air conditioning system replacement, new ventilation ducts, and window re-glazing. Additional work items include upgrading the electrical systems, Americans with Disabilities Act compliance improvements, and removal of asbestos and lead based paint where found.

Design (\$268 thousand) was funded in fiscal year 1996. This request is for additional design (\$162 thousand), construction (\$4,601 thousand), and management and inspection (\$521 thousand). The estimated total project cost is \$5,552 thousand.

Sacramento - John E. Moss Federal Building - Courthouse.....\$7,948,000

This project proposes alteration work for the recapture of vacant space that will be created when the U.S. courts and related agencies move from the John E. Moss Federal Building-U.S. Courthouse (FB-CT), 650 Capitol Mall, Sacramento, CA, to a new U.S. Courthouse and Federal Building being constructed at 501 5th Street, Sacramento, CA. Following the spring 1999 completion of the new U.S. Courthouse and Federal Building, the courts and related agencies will move to the new building and leave the John E. Moss FB-CT with a vacancy rate of 87.4%. The vacant space can be recaptured by moving the Internal Revenue Service (IRS) into the building from leased space, along with other executive agencies. The IRS is currently located in a leased building outside of the

General Services Administration PUBLIC BUILDING SERVICE

Repairs and Alterations FY 2000 Construction Phase Project Descriptions

CALIFORNIA - continued

John E. Moss Federal Building - Courthouse - continued

Sacramento central business district Relocating the IRS to the John E. Moss FB-CT will be in keeping with Executive Order 12072

This request is for all project costs: design (\$745 thousand), construction (\$6,732 thousand), and management and inspection (\$471 thousand) The estimated total project cost is \$7,948 thousand

DISTRICT OF COLUMBIA

Interior Buildings (Phase I).....\$1,100,000

The Department of Interior's (DOI) Main Headquarters Building, located at 1949 C Street, NW, Washington, DC, was constructed in 1935, and is listed on the National Register of Historic Places Currently housing 1,917 employees, the facility is the headquarters building for providing 1,309,266 gross square feet of space, including 306 inside parking spaces

This project was previously authorized including swing space to facilitate phased vacancy However, GSA is currently evaluating alternative options The \$1,100,000 for design will be used for modification of the previous design for rephasing and scope refinement The project originally was proposed as a three-phase modernization project, but due to funding limitations, the project can be accomplished through seven smaller phases By proposing the project into smaller phases, the plans and specifications will require some redesign to incorporate any new standards that have been adopted since the original design in fiscal year 1994, such as, security requirements for the windows The redesign proposes modernizing each wing as a phase plus a preliminary mechanical and electrical phase.

Design (\$5,764 thousand) was funded in FY 1994 This request is for additional design (\$1,100 thousand) The estimated total project cost is \$146,238 thousand. Construction funding will be requested in one or more future fiscal years

Main Justice Building (Phase II).....\$47,226,000

This project proposes the funding of Phase II of the modernization of the Department of the Justice's (DOJ) main headquarters building located at 900 Pennsylvania Avenue, NW, Washington, DC The building was constructed in 1932, and is on the National Register of Historic Places This building houses 3,251 employees in 1,089,720 gross square feet of space including 163 inside parking spaces Modernization will be accomplished in three major phases over the next several years This plan requires that approximately half of the building to be vacated for the duration of the three construction phases Leased swing space to house the employees during the construction has been acquired at the Patrick Henry Building, Washington, DC

Design funding (\$6,918 thousand) was provided in fiscal year 1993 in the Design and Construction Services activity Phase 1 funds for \$50,000 thousand (design (\$200 thousand), construction (\$46,936 thousand) and management and inspection (\$2,866 thousand)) were provided in fiscal year 1997 This request is for Phase 2 construction (\$44,326 thousand), and management and inspection (\$2,900 thousand) The construction (\$43,121 thousand) and management and inspection (\$2,853 thousand) funding needed to complete the third and final phase of the project will be requested in a future year The total project cost is \$150,118 thousand

State Department Building - (Phase II)\$10,511,000

This project proposes funding for Phase 2 of the modernization of the U.S. Main State Department Building located at 2201 C Street, NW, in Washington, DC The original portion of the building, known as the "Old Building", was built in 1939 It was originally designated the War Department Building and is listed on the National Register of Historic Places as a Class I Historical Landmark An addition, known as the "New Building" was constructed in 1960 thus completing the complex as it stands today The complex provides a total of 2,598,735 gross square feet of space and 905 inside parking spaces and houses 7,310 personnel

The building serves as the headquarters of the State Department and the Arms Control and Disarmament Agency (ACDA) A previous tenant, the Agency for International Development (AID), has relocated to the newly constructed Ronald Reagan Building This has resulted in vacant space Further vacancies related to the backfilling of the nearly completed renovation of the Columbia Plaza building will increase the vacant space

General Services Administration PUBLIC BUILDING SERVICE

Repairs and Alterations FY 2000 Construction Phase Project Descriptions

DISTRICT OF COLUMBIA - continued

State Department Building - (Phase II) - continued

The overall project concentrates on renovation of the Old War Department Building and a portion of the New Building, covering approximately 1,113,000 gross square feet of space. The Phase 2 project will be for demolition work in preparation for vacant space recapture construction work which will be requested in a future fiscal year.

Design funding (\$7,831 thousand) was provided in fiscal years 1991, 1995, and 1996 in the Design and Construction Services activity. Phase 1 funds for construction, (\$27,756 thousand) and management and inspection (\$2,023 thousand) were provided in fiscal year 1999. This Phase 2 request is for construction (\$9,768 thousand) and management and inspection (\$743 thousand). The construction (\$55,085 thousand) and management and inspection (\$4,019 thousand) funding needed to complete this project will be requested in one or more future years. The total project cost is \$107,225 thousand.

MARYLAND

Baltimore - Metro West Building (Facade).....\$36,705,000

The Metro West Building was built in 1980, and houses the Social Security Administration. The complex consists of two structures (north block and south block), which are connected at the third and fourth floors by a skybridge that runs over Mulberry Street. Metro West, which provides 1,351,812 gross square feet of space, ranges in height from 6 to 17 stories and contains 13 exterior towers which house restrooms, stairs, escalators and elevators. This project proposes the replacement of the entire facade of the building and adding fireproofing behind the exterior panels to correct existing fire safety deficiencies. The new system incorporates associated waterproofing, insulation, and interior wall finishes and other related items (including electrical and mechanical work).

Design (\$2,039 thousand) funding was provided in fiscal year 1999. This request is for the construction phase (\$34,140 thousand) and management and inspection (\$2,565 thousand). The estimated total project cost is \$38,744 thousand.

Woodlawn - Social Security Administration Annex.....\$25,890,000

This project proposes major renovations to the Annex Building in Woodlawn, MD. The Annex Building is part of the multi-building, 281-acre Social Security Administration (SSA) Headquarters Complex. The Annex, constructed in 1962, is a four story office structure with 418,387 gross square feet and houses 840 employees. This project will replace the chillers, air handling units, automatic temperature controls, light fixtures, ceiling system, exterior skin and window system. It will also include sprinkler installation, expansion of the fire alarm and detection system and the connection of the automatic temperature controls to the centralized energy management control system. The electrical service will be redistributed and the cafeteria will be renovated. Asbestos abatement will be performed as required.

Design funding (\$1,660 thousand) was provided in fiscal year 1995. This request is for additional design (\$118 thousand), construction (\$23,905 thousand), and management and inspection (\$1,867 thousand). The estimated total project cost is \$27,550 thousand.

MINNESOTA

Ft. Snelling, Bishop H. Whipple Federal Building.....\$10,989,000

The Bishop H. Whipple Federal Building, a 9-story facility with 630,433 gross square feet of space, houses over 2,200 Federal employees and was constructed in 1969. The primary tenants are the Department of Veterans Affairs, the United States Postal Service (USPS), the Department of Justice - Immigration and Naturalization Service, and various Department of the Interior functions.

This project proposes initial space alterations in the Bishop H. Whipple Federal Building. The USPS plans to vacate the building and relocate all operations to a new facility constructed under USPS authority in neighboring Eagan, MN. In addition, initial space alterations would be completed for space that is currently vacant. Timing of this project is scheduled to coincide with the expiration of the lease agreements for the Department of Defense, Department of Interior, Armed Forces Recruiters, Small Business Administration and the Department of Labor.

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General Services Administration PUBLIC BUILDING SERVICE

Repairs and Alterations FY 2000 Construction Phase Project Descriptions

MINNESOTA - continued

Ft. Snelling, Bishop H. Whipple Federal Building - continued

Design funds (\$695 thousand) was provided in fiscal year 1999. This request is for additional design (\$155 thousand), construction (\$10,126 thousand), and management and inspection (\$708 thousand). The estimated total project cost is \$11,684 thousand.

NEW MEXICO

Albuquerque - Federal Building, 500 Gold Avenue.....\$8,537,000

The Federal Building at 500 Gold Avenue, Albuquerque, NM was built in 1965. It contains 327,349 gross square feet on 13 office floors and a basement. The building has 48 inside parking spaces in the basement and 23 outside spaces.

To provide for expansion and consolidation, the U.S. District Court and U.S. Marshals Service are scheduled to move to a new Federal Courthouse in early 1999, and a project is needed to prepare the vacant space for backfill. In addition to the initial space alterations, major work items would include replacement of the plaza waterproofing membrane, electrical upgrade, new lights, new ceilings, asbestos removal, HVAC upgrades, and restroom handicap improvements.

Design (\$801 thousand) was provided in fiscal year 1999. This request is for construction (\$7,801 thousand) and management and inspection (\$736 thousand). The estimated total project cost is \$9,338 thousand.

OHIO

Cleveland - Anthony J. Celebrezze Federal Building.....\$7,234,000

The Anthony J. Celebrezze Federal Building in Cleveland, Ohio, was constructed in 1966 and provides 1,459,000 gross square feet of space. It houses 5,724 federal employees, and contains 348 inside parking spaces.

This proposed project will repair the building exterior cladding and repair water damage to the basement switchboard to upgrade the electrical capacity to meet current tenant demand. Both the normal and emergency power distribution systems will be replaced. The building's electrical switchgear will be replaced and upgraded to fully comply with current codes and standards.

Design (\$593 thousand) was provided in fiscal year 1999. This request is for the construction phase (\$6,722 thousand) and management and inspection (\$512 thousand). The estimated total project cost is \$7,827 thousand.

General Services Administration PUBLIC BUILDINGS SERVICE

Repairs and Alterations Descriptions of Projects Scheduled for FY 2000 Design

ARIZONA

Phoenix - Federal Building - Courthouse.....\$1,428,000

This project proposes initial space alterations to recapture vacant space, including upgrades to building systems related to tenant occupancy in the Phoenix Federal Building and U.S. Courthouse. The building provides 290,945 gross square feet of space and is located at 230 North First Street in the central business district of Phoenix, AZ. Constructed in 1962, the building has 8 floors, a full basement and 129 outside parking spaces.

The initial space alterations together with companion system work (elevators, electrical, air-handlers, plumbing, etc.) will provide space for the U.S. Bankruptcy Court, the Department of Housing and Urban Development, and the Department of Agriculture. These tenants will backfill the building when the US District Court and related court agencies relocate to a new court facility in the spring of 2000.

This request (\$1,428 thousand) is for design. The balance of funding for construction (\$15,000 thousand) and management and inspection (\$1,296 thousand), will be requested in a future fiscal year. The estimated total project cost is \$17,724 thousand.

COLORADO

Lakewood - Denver Federal Center Building 67.....\$676,000

Constructed in 1967, Denver Federal Center Building 67, a thirteen story concrete building, contains 387,351 gross square feet of office and related space, and provides 967 outside parking spaces. The building currently houses 1,477 employees.

The proposed project will repair the severely damaged exterior concrete skin, remove damaged concrete sun screens, and replace deteriorating windows. The project will also repair or replace damaged pre-cast pipe chases and replace a covered walkway.

This request (\$676 thousand) is for design. The balance of funding, for construction (\$6,098 thousand) and management and inspection (\$535 thousand), will be requested in a future fiscal year. The estimated total project cost is \$7,309 thousand.

DISTRICT OF COLUMBIA

Mary E. Switzer Memorial Building.....\$2,392,000

The Mary E. Switzer Building was built in 1942, is on the National Register of Historic Places, and houses approximately 1,522 employees of the Department of Education, the Department of Health and Human Services, and the United States Information Agency. The building contains 592,217 gross square feet of space.

The Switzer Building has never been modernized. This proposed project will complete a major upgrade of systems, some of which are 60 years old. This project will alleviate many of the deficiencies in the fire/life safety and electrical systems. While maintaining the building's many historical areas, a more modern work environment will be achieved by permitting additional computer connections, and having corridors and restrooms refurbished. This project includes: sprinkler installation; lead paint and asbestos abatement; refurbishing electrical and plumbing systems; replacement of perimeter induction units; improve indoor air ventilation and circulation; upgrade common corridors and restrooms; re-painting the building exterior and re-caulking windows.

General Services Administration PUBLIC BUILDINGS SERVICE

Repairs and Alterations Descriptions of Projects Scheduled for FY 2000 Design

DISTRICT OF COLUMBIA - continued

Mary E. Switzer Memorial Building - continued

This request (\$2,392 thousand) is for design. The balance of funding, for construction (\$33,750 thousand), and management and inspection (\$2,424 thousand), will be requested in a future fiscal year. The estimated total project cost is \$38,566 thousand.

FLORIDA

Jacksonville - Charles E. Bennett Federal Building.....\$1,930,000

This project proposes the modernization of the Charles E. Bennett Federal Building (FB) located at 400 West Bay Street in Jacksonville, FL. The FB, constructed in 1967, is an eleven story building of contemporary, functional design with a facade of prefinished precast concrete panels. The FB contains 334,575 gross square feet of space. The building is located on a 3.13 acre site and provides 177 paved outside parking spaces for the 1,771 building tenants. After the proposed modernization, the FB will continue to be utilized by various Federal tenants. The anchor tenant will be the U.S. Army Corps of Engineers.

The primary objective of the project is to upgrade and modernize the outdated and inadequate building systems, many of which are original to the building. The alteration work includes: space alterations, upgrading the electrical and mechanical systems; providing exterior grounds and structural building repairs; replacing doors, floors, ceilings, and installing a new direct digital system control to integrate with the existing energy management system and provide mechanical energy conservation features. In addition, this project will ensure that the fire and life safety improvements necessary to protect tenants and visitors to the FB are accomplished. These improvements include removing asbestos from the building as necessary, including spray applied fireproofing, floor tile and mastic, ducts and mastic, and pipe insulation and fittings. Other enhancements include upgrading the sprinkler system, removing or repairing combustible firestopping with new fire-rated material, and similar improvements. Doors and hardware will be replaced as needed in restrooms and entrances to ensure compliance with the Uniform Federal Accessibility Standards and the Americans with Disabilities Act.

This request (\$1,930 thousand) is for design. The balance of funding, for construction (\$21,701 thousand), and management and inspection (\$1,851 thousand), will be requested in a future fiscal year. The estimated total project cost is \$25,482 thousand.

ILLINOIS

Chicago - 536 S. Clark Street Federal Building.....\$1,372,000

This project proposes alterations in the Federal Building, located at 536 S. Clark Street, Chicago, IL. The Federal Building was built in 1912, is eligible for historic status, and houses 3,203 employees. The building contains 593,641 gross square feet of space.

The project will provide tenant alterations to consolidate the Federal Bureau of Investigation's Chicago Field Office from several locations within Chicago to Federally owned space. Restrooms will be made fully compliant with Americans with Disabilities Act regulations, asbestos abatement/containment will be completed in all areas requiring alteration, and the mechanical and electrical systems in the building will be upgraded.

This request (\$1,372 thousand) is for design. The balance of funding, for construction (\$21,469 thousand) and management and inspection (\$1,245 thousand), will be requested in a future year. The estimated total project cost is \$24,086 thousand.

General Services Administration PUBLIC BUILDINGS SERVICE

Repairs and Alterations Descriptions of Projects Scheduled for FY 2000 Design

IOWA

Des Moines - Federal Building.....\$988,000

The Federal Building located at 210 Walnut Street, in Des Moines, IA, was constructed in 1966, houses 1,639 employees, and contains 383,339 gross square feet of space.

This project proposes the critical repairs of the building's exterior curtain wall. It will provide over-cladding of the facade and major masonry repairs, introducing new expansion joints, installation of new flashings with end dams, sealant repairs, and tuckpointing. The project includes replacement of windows.

This request (\$988 thousand) is for design. The balance of funding, for construction (\$10,807 thousand) and management and inspection (\$846 thousand), will be requested in a future fiscal year. The estimated total project cost is \$12,641 thousand.

MARYLAND

Baltimore - George H. Fallon Federal Building.....\$1,120,000

Constructed in 1967, the George H. Fallon Federal Building, located at 31 Hopkins Plaza, in Baltimore, MD houses 1,092 employees.

This project proposes the modernization of the base portion (basement, ground, first and second floors) of the building. The base portion of the building covered by this proposal is 225,000 of the total building's 694,787 gross square feet. The tower portion of the building renovation was previously funded and was completed in 1998.

This proposed project includes a complete replacement of the heating, ventilation and air conditioning (HVAC) system in this portion of the building, as well as life safety, accessibility, electrical upgrades and space renovation. Serious problems with the HVAC system serving this portion of the building will be corrected, while upgrading office space to a level comparable to the tower renovations.

This request (\$1,120 thousand) is for design. The balance of funding, for construction (\$12,300 thousand) and management and inspection (\$991 thousand), will be requested in a future fiscal year. The estimated total project cost is \$14,411 thousand.

MICHIGAN

Detroit - P. V. McNamara Federal Building.....\$1,734,000

This project proposes the modernization of a portion of the P. V. McNamara Federal Building (FB), 477 Michigan Avenue, Detroit, MI to meet the expansion needs of a major tenant. Built in 1974, the 27 story building houses nearly 3,800 Federal employees. The building contains 1,128,831 gross square feet of space.

The building, now in its third decade of operation, has never undergone a full or partial building modernization. HVAC, electrical, elevator and plaza improvements are needed, as most systems are original to the building. The inadequate distribution of suitably conditioned air is exacerbated by an outdated and inefficient temperature control system. The electrical distribution system is insufficient to meet building demand and does not provide adequate protection in the event of power loss. The elevators are nearing the end of their useful lives and are in need of modernization to insure safety, reliability, and handicapped accessibility. The restrooms require renovation to comply with the Americans with

General Services Administration PUBLIC BUILDINGS SERVICE

Repairs and Alterations Descriptions of Projects Scheduled for FY 2000 Design

MICHIGAN - continued

P. V. McNamara Federal Building - continued

Disabilities Act regulations. The concrete plaza is severely deteriorated and requires upgrades to prevent further serious water damage to the lower levels of the building.

This project proposes to correct these building deficiencies and complete initial space alterations for the Federal Bureau of Investigation Detroit Field Office. This project must be completed in order to retain this tenant in Federally-owned space.

This request (\$1,734 thousand) is for design. The balance of funding, for construction (\$24,803 thousand), and management and inspection (\$1,622 thousand), will be requested in a future fiscal year. The estimated total project cost is \$28,159 thousand.

MISSOURI

Kansas City - 8930 Ward Parkway\$793,000

This project proposes design funding for the renovation of the Federal Building at 8930 Ward Parkway in Kansas City, MO. The building was constructed in 1962, contains 197,664 gross square feet of space, and is a three story structure with brick facade, fixed perimeter windows, and flat roof.

The project will provide renovations for space recapture of 144,062 gross square feet. The project will replace the majority of the HVAC system, installing new air handler units, ductwork, controls, piping and all necessary accessories. Stairways and exit vestibules will be reconstructed to meet fire code requirements. All existing exterior windows will be replaced except those in the immediate area of the main computer area. These windows will be bricked over for security reasons. Some improvements will be made to landscaping and surface parking. Interior space will be renovated including installing raised access flooring and installing a new passenger elevator. Various electrical panel boards will be upgraded and some seismic bracing is included in the project.

This request (\$793 thousand) is for design. The balance of funding, for construction (\$8,318 thousand) and management and inspection (\$646 thousand), will be requested in a future year. The estimated total project cost is \$9,757 thousand.

NEW HAMPSHIRE

Portsmouth - Thomas McIntyre Federal Building.....\$829,000

Constructed in 1967, the Thomas McIntyre Federal Building is located at 80 Daniel Street, in Portsmouth, NH, and houses 149 employees. The building contains 165,807 gross square feet of space.

The proposed project will modernize deteriorated office space, and renovate the main lobby, recapture vacant postal workroom space. Other components of the project include: asbestos abatement throughout the building, replacement of the roof and windows, extension of the sprinkler system, limited seismic reinforcement, and miscellaneous upgrades to the mechanical and electrical systems. In addition, rest-rooms and elevators in the building will be upgraded to meet applicable handicapped accessibility standards.

This request (\$829 thousand) is for design. The balance of funding, for construction (\$8,636 thousand), and management and inspection (\$679 thousand), will be requested in a future fiscal year. The estimated total project cost is \$10,144 thousand.

General Services Administration PUBLIC BUILDINGS SERVICE

Repairs and Alterations Descriptions of Projects Scheduled for FY 2000 Design

NEVADA

Las Vegas - Foley Federal Building - Courthouse.....\$1,365,000

This project requests authority for alteration of the Foley Federal Building - U.S. Courthouse (FB-CT), located at 300 Las Vegas Boulevard South, Las Vegas, NV. The building contains 195,932 gross square feet of space. The principal tenant will be the U.S. Bankruptcy Courts. The facility will function in tandem with the planned and funded new Las Vegas FB-CT that will be located directly across the boulevard.

The U.S. Bankruptcy Courts and the U.S. Marshals Service Court Security Officers are proposed to be housed in the Foley FB-CT during the modernization. After this partial realignment, the U.S. Bankruptcy Courts, U.S. Marshals Service Court Security Officers, U.S. Probation, U.S. Geological Survey, U.S. Secret Service, U.S. Customs Service, USDA, HUD, DOD and Interior are proposed for the Foley FB-CT.

The Bankruptcy Court, currently has two courtrooms, and is anticipated to require three additional courtrooms in ten years and two more in thirty years, for a total of seven courtrooms. Due to the District Courts moving from the Foley FB-CT, three vacated District courtrooms will be occupied by the Bankruptcy Courts while two Bankruptcy Courtrooms will be preserved to meet the Bankruptcy Court's requirement for five courtrooms. When completed, the renovation of the Foley FB-CT will satisfy the Bankruptcy Courts 10 year needs and provide the physical structure necessary for courtroom buildout to meet the court's 30-year requirements.

This request (\$1,365 thousand) is for design. The balance of funding, for construction (\$17,950 thousand), and management and inspection (\$1,233 thousand), will be requested in a future fiscal year. The estimated total project cost is \$20,548 thousand.

TEXAS

Dallas - Earle Cabell Federal Building-Courthouse and Santa Fe Building.....\$1,360,000

Completed in 1971, Earle Cabell Federal Building-Courthouse (FB-CT) provides 1,267,299 gross square feet spread over 16 floors. The Federal Building, or Santa Fe Building, was completed in 1928, purchased by the Army Corps of Engineers in 1942, and acquired by GSA in 1948. It provides approximately 400,000 gross square feet of space on 19 floors. The Art-Deco style FB is considered an historic structure and is subject to the National Historic Preservation Act of 1966. The FB-CT and FB are immediately adjacent to one another, with internal circulation possible on the 1st floor and floors 4 through 6. The two buildings also have a shared power plant located at 1114 Commerce.

The proposed project includes: HVAC upgrades; electrical upgrades including replacement of transformers; boiler replacement (serves both buildings); new restroom fixtures and hot water piping; sprinklers and fire alarms to meet life safety requirements and lighting replacement. In addition, the buildings will be made handicap accessible, and improvements will be made to the exterior curtain wall in the Cabell FB-CT.

This request (\$1,360 thousand) is for design. The balance of funding, for construction (\$13,959 thousand), and management and inspection (\$1,232 thousand), will be requested in a future fiscal year. The estimated total project cost is \$16,551 thousand.

General Services Administration PUBLIC BUILDINGS SERVICE

Repairs and Alterations Descriptions of Projects Scheduled for FY 2000 Design

WASHINGTON

Seattle - Henry M. Jackson Federal Building \$1,728,000

Completed in 1974, the Henry M. Jackson Federal Building provides a gross area of 822,855 square feet for 2,402 employees of various agencies within its 38 floors. The building also provides 46 indoor parking spaces.

This project will alleviate many of the deficiencies in the fire/life safety, and elevator system within the building. It will also reverse the decline and deterioration of the building and maintain its structural integrity. Work includes: elevator master controls; relays & motor generator sets; fire & life-safety improvements, interior space upgrades, mechanical & electrical improvements; seismic structural improvements; building exterior repairs and ADA accessibility.

This request (\$1,728 thousand) is for design. The balance of funding, for construction (\$23,028 thousand) and management and inspection (\$1,614 thousand), will be requested in a future fiscal year. The estimated total project cost is \$26,370 thousand.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**Explanation of Estimates
Installment Acquisition
Payments**

New Obligational Authority
(Dollars in thousands)

FY 1998 Actual	FY 1999 Current	FY 2000 Request
\$172,171	\$215,764	\$205,668

General Program Description

The Public Buildings Amendments of 1972 enabled GSA to contract for the construction of a backlog of approved but unfunded projects. We were granted borrowing authority for a selected number of priority projects; and for these projects we entered into private financing agreements. We later refinanced all projects through the Federal Financing Bank (FFB), since FFB interest rates are lower than the private sector.

Congress has provided authority on numerous occasions to borrow funds to construct federal facilities. While some of these projects utilized private sector financing, all projects are now financed through the FFB. This program funds payments for interest, both capitalized and regular, and other required obligations for facilities constructed under financing authorities. In addition, it funds the interest payments for installment (lease) purchase facilities individually authorized by Congress since 1987.

Budget Summary

The fiscal year 2000 budget requirement of \$211,261 thousand (\$205,668 thousand in new obligational authority and \$5,593 thousand from unobligated balances in prior years) reflects a net decrease of \$4,503 thousand from the fiscal year 1999 level. The request reflects:

- an increase in capitalized interest payments (\$870 thousand) for a building in Chamblee, Georgia, to house the Internal Revenue Service, and
- a decrease in interest payments (\$5,373 thousand) as GSA's outstanding principal balance reduces.

There are no performance measures for this activity.

Exhibit 12 explains budget changes from fiscal year 1999 to fiscal year 2000.

Exhibit 13 reflects obligational levels for borrowing authority for lease purchase projects from fiscal year 1998 to fiscal year 2000.

Exhibit 14 is a list of authorized lease purchase projects.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

INSTALLMENT ACQUISITION PAYMENTS	
Explanation of Budget Changes	
(Dollars in Thousands)	
Fiscal Year 1999 Current	215,764
Increase in Capitalized Interest Payments	870
Decrease in Interest Payments	- 5,373
Fiscal Year 2000 Request	211,261
Budget Requirement Detail:	
New Obligational Authority	205,668
Program Requirements Funded From Unobligated Balances	5,593

EXHIBIT 13

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**CONSTRUCTION OF LEASE PURCHASE FACILITIES
STATUS OF UNOBLIGATED BORROWING AUTHORITY
(Dollars in Thousands)**

	FY 1998 ACTUAL	FY 1999 CURRENT	FY 2000 REQUEST	FUTURE YEARS
UNOBLIGATED BALANCE AVAILABLE START-OF-YEAR NEW AUTHORITY TO BORROW	372,444	495,103	314,760	301,960
TOTAL AVAILABILITY	372,444	495,103	314,760	301,960
OBLIGATIONS AGAINST FY 1990 AUTHORITY	(6,009)	(180,343)	(12,800)	-
PRIOR YEAR RECOVERIES - REVERSAL OF CAPITALIZED INTEREST OBLIGATIONS	128,032	-	-	-
PRIOR YEAR RECOVERIES	636	-	-	-
UNOBLIGATED BALANCE AVAILABLE END-OF-YEAR	495,103	314,760	301,960	301,960

General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND

CONSTRUCTION OF LEASE PURCHASE FACILITIES
PROJECT LISTING
(Dollars in Thousands)

DEVELOPER CONSTRUCTION FINANCING (Project Cost Includes Construction Interest)	PROJECT START DATE	PROJECT COMPLETION DATE	PROJECT COST	CONSTRUCTION INTEREST	AUTHORITY TO BORROW
DEVELOPER CONSTRUCTION FINANCING (Project Cost Includes Construction Interest)					
California, Oakland, FB	1290 (A)	1294 (A)	177,375	21,964	199,339 1/
Georgia, Atlanta, CDC	893 (A)	1295 (A)	27,000	-	27,000
Georgia, Chamblee, CDC/Office	690 (A)	593 (A)	4,954	-	4,954 2/
Illinois, Chicago, FB	582 (A)	691 (A)	156,943	-	156,943 1/
FFB CONSTRUCTION FINANCING (Project Cost Excludes Construction Interest)					
California, San Francisco, FB	598 (E)	1003 (E)	120,608	18,165	138,773
Florida, Miami, FB	692 (A)	893 (A)	14,400	900	15,300
Georgia, Chamblee, CDC/Lab	398 (E)	1200 (E)	23,000	2,476	25,476
Georgia, Chamblee, IRS	693 (A)	1168 (A)	77,314	15,155	92,469
Maryland, Woodlawn, HCFA	1292 (A)	895 (A)	127,000	25,130	152,130
New York, New York, Foley Square	391 (A)	1294 (A)	855,262	151,356	1,006,618
Tennessee, Memphis, IRS	1091 (A)	206 (A)	111,000	15,043	126,043
Total Projects - 11			1,894,656	250,209	1,945,065
(A) ACTUAL					
(E) ESTIMATED					
1/ Project financially complete.					
2/ Project financially complete, actual cost \$3,764 thousand.					

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**Explanation of Estimates
Rental of Space**

New Obligational Authority
(Dollars in Thousands)

FY 1998 Actual \$2,566,893 ¹	FY 1999 Current \$2,668,761	FY 2000 Request \$2,782,186
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¹ Includes \$77,553 thousand for Indefinite Authority.

² Includes \$85,500 thousand for Indefinite Authority.

³ Excludes \$58,405 thousand for Indefinite Authority.

Strategic Goals	Strategic Objectives	Performance Goals	Performance Measures
Promote Responsible Asset Management	Conserve taxpayer investment and maximize return on investment	- Recover full costs associated with the leasing program - Minimize the amount of non-revenue producing space	- Funds from Operations - Percent of Gov't-leased inventory not producing revenue (Target: 2%)
Complete Effectively for the Federal Market	Provide quality products and services at competitive prices and achieve significant savings for Federal agencies	- Ensure that PBS costs for leased space are at or below commercial rates - Reduce time required to lease space for Federal agencies	- PBS office space leasing costs vs. commercial leasing costs in major markets by class (Target: under development) - Cycle time on leases (Target: 163 days)
Excel at Customer Service	Incorporate customer feedback and customer satisfaction data in planning and decision-making processes	Increase tenant satisfaction with leased space	Percentage of tenants that rate PBS leased space and services as satisfactory or better on IFMA tenant satisfaction surveys (Target: 82%)

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

General Program Description

GSA is responsible for leasing general purpose space and land for Federal agencies. Our policy is to lease privately owned buildings and land only when (1) Federal space needs cannot be otherwise met in existing Government-owned or leased space, (2) leasing proves to be more cost-effective than the construction or alteration of a Federal building, or (3) construction is not warranted because requirements are too small or the anticipated term of occupancy is too short.

The Rental of Space program funds recurring payments for existing and replacement lease contracts. It also provides for temporary expansion space in support of major repairs and alterations projects, relocations from Federal buildings, and relocations due to health and safety. Expansion space for new or expanded agency programs is provided under GSA's indefinite authority provision.

Budget Summary

Highlights
• 5-12% increase in market rates nationwide • Net square footage increase of 911 thousand square feet • Institute new pricing policy

We request New Obligational Authority (NOA) in the amount of \$2,782,186 thousand for fiscal year 2000.

The leased inventory is projected to increase 0.6 percent from an estimated 153,263 thousand square feet in fiscal year 1999 to an estimated 154,174 thousand square feet in fiscal year 2000. This includes 4,151 thousand square feet of

expansion space funded through the indefinite authority provision.

There are several reasons why GSA's leased inventory is rising when Government employment is steady or declining.

- A great deal of the decline in the Federal workforce has been in the civilian agencies of the Department of Defense (DoD). GSA is not the major supplier of space to the Defense agencies, many of which were housed in DoD facilities. In fact, Defense Department reductions can lead to increases in the GSA inventory, as we take over buildings, such as the Emmett J. Bean Building in Indianapolis, Indiana, or initiate leases to satisfy the housing requirements of DOD-related agencies.
- Our law enforcement and health care research agencies continue to expand. Fiscal year 2000 lease requests for the Department of Justice exceed planned cancellations by about 1,200 thousand square feet. For the Department of Health and Human Services, this increase is 325 thousand square feet.
- The balance of the Federal agencies are showing limited reductions. In terms of actual lease cancellations relating to the declines in FTE, we are seeing substantial reductions in space requirements attributed mainly to the Internal Revenue Service and Department of Interior. These reductions in space requirements were largely offset by the expansion requirements for other Department of Treasury functions such as the Customs Service and the Bureau of Alcohol, Tobacco, and Firearms.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

Indefinite Authority

Expansion space to be acquired through the indefinite authority provision is not included in our NOA request. Appropriation language enacted in fiscal year 1990 permitted GSA to increase NOA by an indefinite amount to the extent that agencies provide rental payments to GSA for new expansion space. GSA plans to exercise this provision in fiscal year 2000 in the amount of about \$58,405 thousand for 4,151 thousand square feet of expansion space related to new or expanded agency programs.

Statistics

The program requirements for Rental of Space include the annual rent payments of GSA's lease liability, rental increases, and projected lease cancellations.

The following table (Figure 5) shows GSA's expected end-of-year leased inventory through fiscal year 2000. The fiscal year 2000 figures include 4,151 thousand square feet of space that GSA plans to deliver through the indefinite authority provision.

	FY 1998 Leased Inventory*	FY 1999 Leased Inventory*	FY 2000 Leased Inventory*
SF (000)	148,796	153,263	154,174
\$/SF**	\$16.99	\$17.50	\$18.45

*Includes indefinite authority

**Full Year

Figure 5

Figure 6 shows the average rate per square foot for leased expansion space for fiscal years 1998 through 2000.

Expansion	FY 1998 Actual*	FY 1999 Current*	FY 2000 Request*
Total Thousand SF	6,858	7,583	6,052
via Indefinite Authority (Thousand SF)	6,426	5,812	4,151
Annual cost (Thousands)	\$149,813	\$142,003	\$115,702
Expansion \$/SF**	\$21.84	\$18.73	\$22.90

*Includes indefinite authority

**Full Year

Figure 6

The total amount of square feet associated with lease cancellations is based on historic trends and includes agency requests for the release of space. In addition, we performed an analysis to ensure that leased space would be released as newly constructed or renovated Government owned space becomes available. Figure 7 reflects an average rate per square foot for canceled space based on the total estimated square footage and the total annual cost. These rates vary due to different market variables such as geographic locations, length of lease, and type of space.

	FY 1998 Actual	FY 1999 Current	FY 2000 Request
Lease Cancel \$/SF*	\$15.71	\$16.75	\$14.00

*Full Year

Figure 7

The fiscal year 1998 lease cancellation rate is based on 6,319 thousand square feet of space released from GSA inventory at an annual cost of \$99,288 thousand.

The fiscal year 1999 lease cancellation rate is based on 4,116 thousand square feet of space released from GSA inventory at an annual cost of \$68,935 thousand.

¹ Total leased square feet in FY 1999 and 2000 differ from the President's budget (which shows 152 million sq. ft for FY 1999 and 153 million for FY 2000) due to changes in the inventory.

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

The fiscal year 2000 lease cancellation rate is based on 4,141 thousand square feet of space released from GSA inventory at an annual cost of \$57,990 thousand.

Delegations Program

Each year, we transfer funding to agencies participating in the lease delegation program. Under this program, the delegatee agencies are responsible for lease management as prescribed in the delegation agreements. GSA budgets directly within the FBF for delegated leased buildings. Each year, we transfer funding to each participating agency to make payments to lessors in accordance with the provisions of the delegation agreements. Exhibit 18 reflects the allocation of funding authority for fiscal years 1998 - 2000 to agencies participating in the lease delegation program. The fiscal year 2000 allocation to other agencies under the Lease Delegation Program is \$231,761 thousand.

Performance Plan

The PBS Rental of Space program supports the goals of the GSA Strategic Plan as described below.

Promote Responsible Asset Management

- We are reducing non-income producing space, in terms of vacant available leased space by 20 percent between fiscal years 1999 and 2000, on top of the projected 12 percent reduction between fiscal years 1998 and 1999. This 20 percent space reduction saves the FBF more than \$11,057 thousand in fiscal year 2000. (See Figure 8 below.)

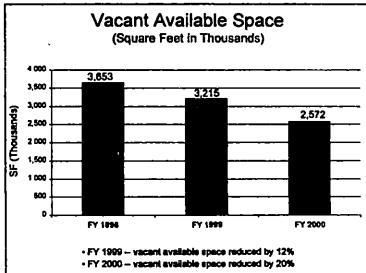


Figure 8

- PBS is moving tenants from leased space to Government-owned space, which results in a fiscal year 2000 savings of approximately \$13,395 thousand in the Rental of Space program.

Compete Effectively for the Federal Market

- We are currently refining measures to compare lease costs that PBS negotiates to those in the private sector. In a preliminary 1997 review, we found that the overall fiscal year 1996 office space lease rates we charge client agencies were highly competitive with commercial rates. We continue to conserve taxpayer investment by ensuring our clients receive the fairest possible rates.
- The cycle time for leases measures how efficiently and timely we deliver leased space to our clients. As a result of past GSA initiatives, the time required to procure lease space has been reduced. The fiscal year 1998 actual cycle time for leases was 180 days. Annual targets for lease cycle times have been

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

established to reflect a 5 percent improvement for fiscal year 1999 and fiscal year 2000. (See Figure 9 below.)

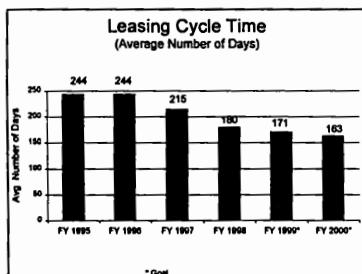


Figure 9

Excel at Customer Service

- We also assess the satisfaction of our tenants who occupy leased space. We give a leased space delivery survey to tenants upon occupancy to gauge their satisfaction with the services they received from us. As Figure 10 shows, customers were more satisfied in fiscal year 1997 than in the baseline survey.

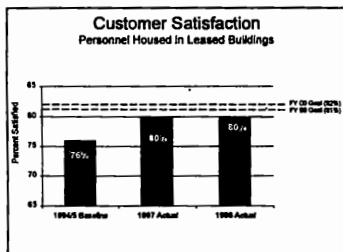


Figure 10

- GSA will measure customer satisfaction against a "stretch goal" developed in conjunction with the Gallup Organization. The survey being used was developed by the International Facilities Management Association and modified by Gallup. Gallup Organization has helped us identify the specific drivers, or service features that have the most influence in directing a customer's overall satisfaction rating. These drivers of satisfaction have been shared with the regional and field employees who deal directly with our tenants.

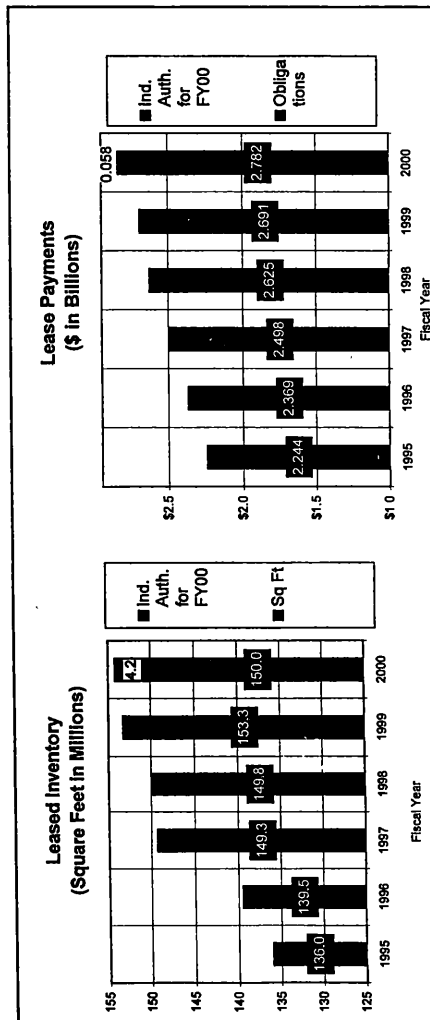
Budget Summary Information

We also include the following exhibits to further highlight the Rental of Space program:

- Exhibit 15 shows trends for leased inventory and obligational levels
- Exhibit 16 explains budget changes from fiscal years 1999 to 2000
- Exhibit 17 shows the changes in Rental of Space for fiscal years 1998 - 2000
- Exhibit 18 shows the Delegations program for fiscal years 1998 - 2000.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

Rental of Space



The FY 2000 end of year inventory and obligations will be higher than the amounts shown to the extent that GSA utilizes the indefinite authority for expansion space contained in the FY 1990 Appropriations Act. We estimate to deliver an additional 4,151 thousand square feet at an estimated FY 2000 cost of \$58,405 thousand.

NOTES:

- Total leased square feet in FY 1999 and 2000 differ from the President's budget (which shows 152 million sq. ft. for FY 1999 and 153 million sq. ft. for FY 2000) due to changes in the inventory.
- Starting with FY 1997 we have converted square feet from occupiable to rentable. The square feet data shown in FY 1995 & 1996 above is occupiable.
- FY 1995 - 1999 leased inventory and lease payments include indefinite authority delivered.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

RENTAL OF SPACE	
Explanation of Budget Changes	
(Dollars in Thousands)	
Fiscal Year 1999 New Obligational Authority	\$2,583,261
Unobligated Balance from Prior Year	\$21,846
FY 1999 Indefinite Authority	\$85,500
Fiscal Year 1999 Current	\$2,690,607
Annualization of FY 1999 Program	\$37,284
Expansions	\$18,468
Cancellations	(\$37,271)
Rental Increases	\$57,709
Net change to Lump Sum Payments	\$15,389
Fiscal Year 2000 Request	\$2,782,186 ^{1/}

1/ Excludes \$58,405 thousand for indefinite authority for 4,151 thousand square feet of expansion space.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**CHANGES IN RENTAL OF SPACE
(Dollars and Square Feet in Thousands)**

	FISCAL YEAR 1994 ACTUAL		FISCAL YEAR 1999 CURRENT		FISCAL YEAR 2000 REQUEST	
	50 FT	OBLIGATIONS	50 FT	OBLIGATIONS	50 FT	OBLIGATIONS
TOTAL PROGRAM COST (PRIOR YEAR)	148,257	\$2,497,972	148,796	\$2,624,983	153,263	\$2,890,607
Annualization of Rental Increases	[137,862]	23,271	[137,862]	18,495	[138,093]	20,726
Ronald Reagan Building	-	(49,537)	-	(56,200)	-	0
Lump Sum - Real Estate Taxes, Lease Buyouts	-	(37,663)	-	(47,307)	-	(46,493)
Annualization of Lease Cancellations	[4,621]	(41,559)	[4,937]	(65,072)	[4,116]	(28,939)
Annualization of Lease Expansion - Indefinite	[8,403]	50,282	[8,439]	57,797	[8,430]	38,192
Annualization of Lease Expansion - All Other	[593]	4,573	[432]	5,653	[1,771]	7,303
BASE COST	148,257	\$2,453,170	148,796	\$2,544,339	153,263	\$2,861,396
Current Year Cost of Rental Increases	[137,862]	23,149	[138,090]	43,263	[138,013]	57,709
Ronald Reagan Building	-	56,200	-	0	-	0
Lump Sum - Real Estate Taxes, Lease Buyouts	-	42,307	-	46,493	-	61,852
Current Year Cost of Lease Cancellations	(8,319)	(44,216)	(4,116)	(39,999)	(4,141)	(37,271)
Current Year Cost of Lease Expansion - Indefinite	8,426	77,553	5,812	65,500	4,151	56,405
Current Year Cost of Lease Expansion - All Other	432	6,820	1,771	11,006	901	16,468
CURRENT YEAR COST ^{1/}	148,796	\$2,624,983	153,263	\$2,690,607	154,174	\$2,940,581
Less: FY 2000 Indefinite Authority					(4,153)	(58,493)
FY 2000 Requested Program					150,020	\$2,782,186
Additional Information						
Current Year Obligational Authority (NOA)	\$2,275,340		\$2,562,261		\$2,782,186	
Indefinite Authority	77,553		85,500		(58,493)	
Reprogramming	215,000		0		-	
TOTAL NOA	\$2,566,893		\$2,666,761		\$2,782,186	
Prior Year Balances/Recoveries	79,536		21,848		-	
TOTAL AVAILABILITY	\$2,646,429		\$2,688,607		\$2,782,186	

^{1/}Total leased square feet in FY 1999 and 2000 differ from the President's budget (which shows 152 million sq. ft. for FY 1999 and 153 million sq. ft. for FY 2000) due to changes in the inventory.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

RENTAL OF SPACE DELEGATIONS INCLUDED IN GSA APPROPRIATIONS
(Dollars in Thousands)

AGENCY	FY 1998 ACTUAL	FY 1999 CURRENT	FY 2000 REQUEST
Department of Commerce	76,568	80,842	82,545
Department of Defense	115,903	123,176	125,482
Environmental Protection Agency	24,153	23,266	23,734
Total	216,624	227,284	231,761

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**Explanation of Estimates
Building Operations**

New Obligational Authority (Dollars in Thousands)		
FY 1998 Actual	FY 1999 Current	FY 2000 Request
\$1,334,915 ¹	\$1,554,772 ²	\$1,590,183 ³

¹ Includes \$3,176 thousand of indefinite authority

² Excludes \$7,400 thousand of indefinite authority

³ Excludes \$8,900 thousand of indefinite authority

Strategic Goals	Strategic Objectives	Performance Goals	Performance Measures
Promote Responsible Asset Management	Conserve taxpayer investment in real and personal property and maximize the Government's return on investment	- Optimize net revenue to fund capital programs - Maintain operations costs that are at or below market rates - Reduce indirect costs	- Funds from Operations - Percentage difference between GSA's operating costs and private sector costs (Target: 11%) - Indirect costs versus private sector benchmarks (Target: under development)
Compete Effectively for the Federal Market	- Provide quality product and services at competitive prices and achieve savings - Increase market penetration to maximize service and effect greatest to the Government	- Reduce the number of buildings that have protection costs in high range of benchmark - Maintain or increase the children of Federal employees who receive care at GSA centers	- PBS protection costs versus private sector benchmarks (Target: under development) - Percentage of children from Federal families to total receiving care in GSA centers (Target: 50%)
Excel at Customer Service	Incorporate customer feedback and customer satisfaction data in GSA's planning and decision-making process	Increase percentage of our buildings tenants that are satisfied with our space	IFMA tenant satisfaction ratings (Target 82%)
Anticipate Future Workforce Needs	Ensure buildings in inventory meet the highest Federal standards	Achieve 100% accreditation of all eligible GSA child care centers	Percent of eligible centers accredited (Target 100%)

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

General Program Description

PBS provides services to operate Government-owned facilities and related building services in lease space where the terms of the lease do not require the lessor to furnish such services.

Building services provided by PBS for facilities occupied by Federal Government employees include cleaning, protection, maintenance, payments for utilities and fuels, and grounds' maintenance. Other related supporting services include a number of real property management and staff support activities such as space acquisition and assignment, building inspections and surveys, the moving of Federal agencies, on-site inspection of building services, and various highly-specialized contract administration support functions.

Budget Summary

Highlights
• Benchmarking cost savings—\$29,420 thousand • Indirect Cost Reduction Initiative—\$2,506 thousand • Inflation Increases—\$23,427 thousand • Building services in 3,336 thousand rentable square feet of new space—\$18,177 thousand

We request \$1,590,183 thousand for the fiscal year 2000 Building Operations budget. This funding provides building services in approximately 243,666 thousand rentable square feet of Government-owned and leased space.

Of the total request, \$319,968 thousand are based on our commercial benchmarks. For the 79,200 thousand rentable square

feet of office space we routinely benchmark, we developed cost per square foot targets for cleaning, maintenance, and utilities. Through the implementation of the Asset Business Plan, our regional facility managers monitor the performance of their facilities on a continuous basis.

We request \$400,504 thousand to provide cleaning, maintenance, and utility services in buildings having no commercial benchmarks.

In Other Building Services, we request \$247,264 thousand for items such as moving, space changes, child care, safety, cafeteria equipment, and operating equipment. This request is based on specifically identified needs.

We request \$247,031 thousand for Protection. This request provides for a perimeter and internal security presence; provides for problem-solving assistance in criminal and workplace security incidents; maintains intelligence information related to terrorist and other security threats against facilities; and provides facility security planning and implementation.

For Other Staff Support we request \$228,248 thousand to fund budgeted staffing levels. This represents a 2.5% reduction from fiscal year 1999 in administrative support costs related to training, travel, supplies, and contracts.

We request \$47,175 thousand for Information Technology (IT) support. Our information technology investment provides PBS managers with building and project information, inventory and real estate information, and security and other critical data for our programs. Our IT structure focuses on linking systems to eliminate

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

redundant data entry and to promote consistent, accurate record keeping.

We request \$99,993 thousand for Centralized Services. This funds Employee Health Services, Workers Compensation, Unemployment Compensation, and General Use Printing. This also funds the PBS portion of GSA's General Management and Administrative Support Activities such as General Counsel, Chief Financial Officer, Business Services Centers, and Chief Information Officer.

Changes in Funding From Fiscal Year 1999 to 2000 (See Exhibit 19)

The total increase for Building Operations is \$35,411 thousand, as specified below:

- Increases for pay act, accident compensation, and other personnel related changes total \$18,823 thousand. Increases for inflation of supplies, service contracts, and utilities total \$23,427 thousand.
- A net increase of \$18,177 thousand funds cleaning, utilities and fuel, maintenance, and protection services in Government-owned space and lease building space entering PBS's workload inventory.
- We request an increase of \$7,000 thousand for agency relocations associated with new buildings entering our inventory and for the recapture of vacant space initiative.
- A decrease of \$32,016 thousand results from program savings achieved through renegotiating NISH contract, implementing energy saving measures, and partnering with agencies to eliminate unnecessary tasks.

Exhibit 20 displays the fiscal year 2000 Building Operations program funding request by function.

Performance Plan

PBS established workload and performance measures to assess the accomplishment of our mission and to judge how well we provide value to our customers. Cost benchmarking is the basis of our measurement. For fiscal year 2000, we used comparisons to private sector performance in determining funding for a segment of our inventory for cleaning, maintenance, and utilities. At the end of fiscal year 1998, our weighted average cost to operate office space was \$3.96 per square foot compared to an industry weighted average of \$4.46 per square foot. This represents an 11 percent advantage for PBS over the private sector.

PBS is working to expand our private sector benchmarking efforts to fully address indirect costs and protection. We are completing efforts to develop benchmark data to compare courthouse space, warehouse space, and mixed space (buildings with a combination of office, courts, warehouse, and/or computer space). After completion of this effort we should double the amount of space we benchmark with the private sector.

Promote Responsible Asset Management

Our objective is to maintain a quality inventory at reasonable costs. The use of private sector benchmarks assists us in being cost focused, particularly in the areas of cleaning, maintenance, and utilities. Our goal is to maintain our operating costs for office space at 11 percent less than office

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

space in the private sector. In fiscal year 2000 we expect to maintain that 11 percent differential for total building operating expenses. (See Figure 11.)

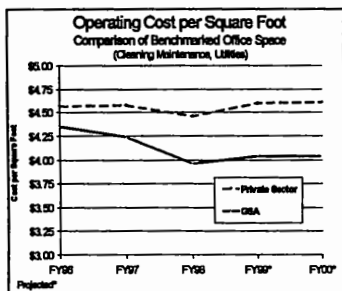


Figure 11

Compete Effectively for the Federal Market

PBS takes a leadership role in providing building service initiatives in several areas. We participate in a variety of national programs encouraging Federal employees to conserve natural resources. Two successful programs are recycling and energy conservation.

PBS established national recycling programs in PBS-operated buildings and helps other Federal agencies establish programs in the buildings they operate. We use the funds received in PBS-operated buildings for tuition assistance to needy families in our child care program. We expect to collect approximately 68 thousand metric tons of recyclable materials in fiscal year 2000.

Since passage of the Energy Policy Act of 1992, PBS provides leadership in Federal energy management. We participate in

local utility companies' demand side management rebate programs and retain the funds, reusing them for energy saving projects.

We reduced energy consumption by 17 percent from 1985 (Base Year) to 1998, and by the end of fiscal year 2000 we will reduce an additional three percent. (See Figure 12.)

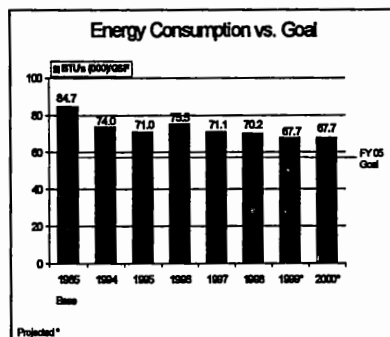


Figure 12

Energy usage in PBS facilities is more than 39 percent below the Federal average. The Department of Energy reports that PBS has one of the lowest energy usage rates of all major property managing agencies. Both clients and PBS providers are trained to implement energy conservation programs. PBS releases catalogs identifying the most energy efficient lighting, publishes energy guidebooks, and provides training programs for nationwide energy savings activities.

General Services Administration PUBLIC BUILDINGS SERVICE FEDERAL BUILDINGS FUND

Excel at Customer Service

We assess and evaluate agencies' satisfaction with our office space and building services on an annual basis. Our goal for customer satisfaction is to move beyond good service to that which exceeds the expectations of our customers. Each year we survey randomly selected tenants in various buildings through a survey developed in conjunction with the International Facility Management Association (IFMA). Using these surveys, we measure the satisfaction with our building services, identify areas needing improvement, and identify our customer expectations.

Through meaningful use of these surveys, we see results in improved scores through fiscal year 1998. Although we moved the performance from 75 percent to 80 percent in only three years, we project scores to improve by fiscal year 2000 to 82 percent. (See Figure 13.)

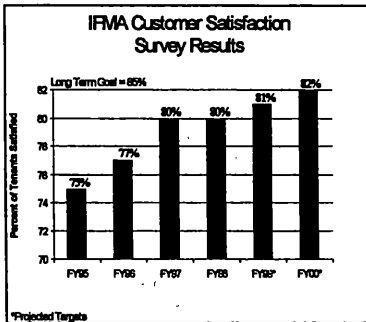


Figure 13

Anticipate Future Workforce Needs

PBS offers multipurpose facilities, such as child care centers, that promote quality work environment for our client agencies' employees. To ensure we maintain the best facilities, we measure the percentage of accredited child care centers. By the end of fiscal year 1999, we project that 80% of our eligible centers will be accredited. Our fiscal year 2000 goal is to have 100 percent of our eligible child care centers accredited.

Budget Summary Information

- Exhibit 19 explains budget changes in FTE and dollars for buildings operations from fiscal years 1999 to 2000.
- Exhibit 20 shows the changes in building operations by major function for fiscal years 1999 to 2000.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

BUILDING OPERATIONS Explanation of Budget Changes (Dollars in Thousands)		
	<u>FTE</u>	<u>Dollars</u>
Fiscal Year 1999 Current	7,281	1,554,772 *
<u>Increases:</u>		
Wageboard and Pay Act Increase (4.4%), Effective January, 2000	—	14,526
Part Year Increase for FY 99 Pay Act, Effective January, 1999	—	4,297
Inflation (Supplies, Materials, Service Contracts and Utilities, 2.1%)	—	23,427
Building Services in New Space	—	18,177
Agency Relocations	—	7,000
<u>Decreases:</u>		
Program Adjustments and Cost Savings	—	-29,420
Indirect Cost Reduction Initiative (2.5%)	—	-2,596
Fiscal Year 2000 Request	7,281	1,590,183

*The FY 1999 Current Level excludes Indefinite Authority estimates for Pennsylvania Avenue Activities and the International Trade Center.

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

**CHANGES IN BUILDING OPERATIONS
FY 1999 - FY 2000
(Dollars in Thousands)**

	Cleaning	Utilities and Fuels	Main- tenance	Other Buildings Services	Protection	Staff Support	C/O	TOTAL	FTE
FY 1999 CURRENT	230,488	268,639	230,300	228,702	241,114	319,354	46,208	1,554,772	7,281
Building services in new space	2,834	3,935	3,532	4,834	2,942	-	-	18,177	
Inflation for cost of supplies, materials and service contracts (2.1%)	4,404	-	3,636	1,705	3,565	3,716	970	17,966	
Utilities and Fuels rate increases (2.1%)	-	5,431	-	-	-	-	-	5,431	
Part-year cost of FY 1999 Wageboard and Pay Act increase (3.6%)	258	-	666	1,228	696	1,449	-	4,297	
FY 2000 Wageboard and Pay Act increase (4.4%)	884	-	1,615	4,868	2,428	4,931	-	14,526	
Agency Relocations	-	-	-	7,000	-	-	-	7,000	
Program Adjustments and Cost Savings	(6,864)	(10,897)	(8,159)	-	(3,500)	-	-	(29,420)	
Indirect Cost Reduction Initiative (2.5%)				(1,173)	(214)	(1,209)		(2,596)	
FY 2000 REQUEST	231,774	267,108	231,590	247,264	247,031	328,241	47,178	1,590,193	7,281

**General Services Administration
PUBLIC BUILDINGS SERVICE
FEDERAL BUILDINGS FUND**

REIMBURSABLE PROGRAM Explanation of Budget Changes <i>(Dollars In Thousands)</i>	
FY 1999 Current	\$969,171
Inflation (2.1%)	+17,088
Workload Increases (+)	+143,828
Workload Decreases (-)	-129,814
FY 2000 Budget	\$1,000,273

General Program Description

In return for Rent, GSA furnishes tenant agencies with space and building services (e.g., cleaning, maintenance, utilities, and protection) commensurate with those offered in the private sector. When requested by a tenant, we also provide building services which exceed commercially equivalent levels on a reimbursable basis. The reimbursable program allows us to be fully responsive to the special needs of our tenants in the Government-owned and lease space that we operate. Reimbursable services include space adjustments, facility security, utilities, large projects, and janitorial services

required for above standard levels of operations, as well as administrative support costs associated with providing the service.

GSA is currently implementing two large projects through reimbursable arrangements as shown below:

	TYPE 1/	FY 99	FY 00
EPA, Research, TP, NC	C	\$32,000	\$28,500
Emmett J. Bean Center, Indianapolis, IN	R	\$38,000	\$25,000
TOTAL		\$70,000	\$53,500

1/ C - Construction
R - Repairs and Alterations

**General Services Administration
PUBLIC BUILDINGS SERVICE
PENNSYLVANIA AVENUE ACTIVITIES**

BACKGROUND

The Omnibus Appropriations Act of 1996 dissolved the Pennsylvania Avenue Development Corporation (PADC) as of April 1, 1996, and transferred certain of its functions, properties, and other assets and liabilities to the General Services Administration (GSA). To finish the activities of the PADC, the unobligated balances of the PADC Public Development account were transferred to GSA and named Pennsylvania Avenue Activities (PAA).

- **Ronald Reagan Building and International Trade Center**

The major responsibility transferred to GSA was the physical completion and successful occupancy of the Ronald Reagan Building and International Trade Center (RRB) at the Federal Triangle in Washington, DC. We employ a staff of six to manage the design, construction, and leasing of the RRB. The first tenants moved into the building in fiscal year 1998 and the balance of the RRB will be occupied in fiscal year 1999.

- **Other Activities**

We manage and dispose of the assets and liabilities of the former PADC that were transferred to GSA. The assets include several ground leases (including those at Gallery Row and the Willard Hotel), two developmental sites, and participating

interests in sites sold previous to the dissolution of the PADC. We plan to dispose of all of the assets of the former PADC by the end of fiscal year 2000. All sale proceeds, currently estimated at \$6,775 thousand in fiscal year 1999 and \$29,000 thousand in fiscal year 2000, will be deposited into the Federal Buildings Fund (FBF).

- **Transfer to FBF**

Pursuant to our fiscal year 1999 annual appropriations act (P.L. 105-277, dated October 21, 1998), we merged the unobligated balances of the PAA (and associated FTE) with the FBF in fiscal year 1999. The remaining unobligated balance and any further income derived from the assets of the former PADC (from ground leases and the sale of proceeds) will remain available for the purposes (and in the manner) intended by prior legislation transferring specific PADC authorities and responsibilities to GSA.

BUDGET SUMMARY INFORMATION

The following exhibits provide information regarding the overall aspects of PAA for fiscal years 1998 - 2000:

- Exhibit 1—Income, Obligations, and Outlays Schedule
- Exhibit 2—Obligations by Object Class

**General Services Administration
PUBLIC BUILDINGS SERVICE
PENNSYLVANIA AVENUE ACTIVITIES**

**SCHEDULE OF RESOURCES, OBLIGATIONS, FUND BALANCE, AND OUTLAYS
FY 1998 - FY 2000
(Dollars in Thousands)**

	FY 1998 Actual	FY 1999 Current	FY 2000 Request
Resources:			
Available balance from prior years	15,686	0 1/	0
Transfers:			0
Net transfers of prior year balances	6,227	0	
Capital transfers and redemption of debt	(5,744)	0	
Income from ground leases	1,357	0	0
Income from proceeds from the sale of assets	0	0	0
Total Resources Available	17,526	0	0
Obligations:			
Federal Triangle/ITC	2,351	0	0
Public Improvements	77	0	0
Total Obligations	2,428	0	0
Fund Balance:			
Total Resources Available	17,526	0	0
Total Obligations	(2,428)	0	0
Prior Year Recoveries	103	0	0
Fund Balance Available for Future Use	15,201	0	0
Total Outlays:	92,919	0	0

1/ The unobligated balance of PAA and 6 FTE will be transferred to the Federal Buildings Fund in FY 1999.

**General Services Administration
PUBLIC BUILDINGS SERVICE
PENNSYLVANIA AVENUE ACTIVITIES**

Obligations by Object Class (Dollars in Thousands)			
	FY 1998 Actual	FY 1999 Current	FY 2000 Request
Personnel Compensation:			
11.1 Full-time permanent	315	0 ^{1/}	0
12.1 Civilian personnel benefits	113	0	0
21.0 Travel and transportation of persons	4	0	0
23.1 Rental payments to GSA	(83)	0	0
23.3 Communications, utilities, and misc charges	5	0	0
24.0 Printing and reproduction	30	0	0
25.2 Other services	1,215	0	0
26.0 Supplies and materials	98	0	0
41.0 Grants, subsidies, and contributions	731	0	0
99.0 Total Obligations	2,428	0	0

1/ The unobligated balance of PAA and 6 FTE were transferred to the Federal Buildings Fund in FY 1999.

WEDNESDAY, MARCH 17, 1999.

**COMMITTEE ON SECURITY AND FACILITIES OF THE
JUDICIAL CONFERENCE OF THE UNITED STATES**

WITNESS

**JANE R. ROTH, MEMBER, COMMITTEE ON SECURITY AND FACILITIES;
JUDGE, UNITED STATES COURT, THIRD CIRCUIT**

OPENING STATEMENT

Mr. HOYER. Judge Roth, we want to welcome you to the Subcommittee. We know the Judicial Conference has significant concerns that have been expressed in the previous questions that were asked of Mr. Barram.

We would be very pleased to hear your comments on behalf of the Judicial Conference. Judge Roth, as some of you may know, is Senator Roth's wife and a very distinguished jurist in her own right. We are pleased to have her with us.

Judge ROTH. Thank you, Mr. Hoyer.

Members of the Subcommittee, my name is Jane Roth. I serve as a judge on the Third Circuit Court of Appeals, and as a member of the Judicial Conference's Committee on Security and Facilities.

Judge Norman Stahl, the Chairman of the Committee, apologizes that he cannot meet with you today. We greatly appreciated meeting with Chairman Kolbe and Congressman Hoyer last month to discuss the courthouse program.

I also appreciate the opportunity to appear before you to discuss both the judiciary's continuous efforts to improve management of the courthouse construction program and the fiscal year 2000 courthouse projects that have been prioritized in our 5-year courthouse project plan. My appearance here today marks the first time this Subcommittee has afforded the judiciary an opportunity to discuss its views with you on the courthouse program.

We have worked closely with the Congress and GSA on the courthouse construction program. We have what I would view as an excellent working relationship with the Subcommittee and its staff. Our work together has been productive and the judiciary sincerely appreciates the funding you provided for courthouses last year.

However, on February 1st, President Clinton submitted a fiscal year 2000 budget to Congress that, again, contains no funding for the federal courthouse construction program. This is the third consecutive year that the Administration has failed to include funds requested by the General Services Administration for this purpose, jeopardizing current and future construction projects, and forcing courts to continue operating in facilities that are unsafe, overcrowded, and substandard. A listing of the 17 projects is attached

to my statement. We will submit separately a detailed justification for each project.

We also hope the Subcommittee will fund nine repair and alteration projects for buildings which house courts. Six of the repair and alteration projects were in fact included in the GSA budget request. However, three of the projects for building systems and infrastructure in New York City, New York; Portland, Oregon; and Salt Lake City, Utah were submitted by GSA to OMB, but were not approved for inclusion in the repair and alteration budget request. A list of all nine repair and alteration projects also is attached to my statement. Based on the best information we have, it is estimated that \$579 million is needed in fiscal year 2000 for the 17 courthouse construction projects. This amount is subject to change, pending further discussion with GSA. Funding in the amount of \$83.1 million is needed for the nine repair and alteration projects; \$45.4 million of which was included in the President's budget request.

Delayed funding of scheduled courthouse projects will result in significant cost increases. GSA estimates construction costs increase an average of 3 to 4 percent for each year of delay. The cost of scarce urban sites is expected to increase dramatically. The absence of funds will not only delay the fiscal year 2000 courthouse plan for at least a full year, but will adversely impact all courthouse projects in the coming years.

As I noted, this is the third time in the past 3 years that the federal courthouse construction program has been threatened. Courthouse funds were not included in the President's budget request to Congress in fiscal year 1998, supposedly because of a significant deficit in the Federal Buildings Fund. In fiscal year 1999 funds requested by GSA for court facilities were excluded from the President's budget request in order to fund other Presidential priorities. These actions were taken without any consultation with the Judiciary. In response to the Judiciary's plea for funding in fiscal year 1999, Congress did appropriate the funds necessary to continue the courthouse construction program. We appreciate the difficulty Congress faced trying to find the money for courthouses last year when there was none in the budget.

Judge Stahl met in December 1998 with White House Chief of Staff, John Podesta, and OMB Director, Jacob Lew to discuss the need to continue the courthouse program in fiscal year 2000. Unfortunately, once again our request to include funding in GSA's budget request was not approved by the President.

Because of this funding failure, the judiciary is seeking a legislative remedy to the impasse with OMB. Under the current process for funding and authorization, the judiciary transmits its request for courthouse projects to GSA. OMB must then approve GSA's proposal for courthouse projects before they can be included in the President's annual budget request. I call your attention to 31 U.S.C. 1105(b), which requires the President to submit the budget request of both the legislative and judicial branches for congressional consideration, without change, each year. Because courthouse construction is by statute a GSA responsibility, these construction budget requests have come through GSA, making them the only aspect of the judiciary's funding requirements that OMB

has authority to alter. OMB has used its authority to reject judicial branch courthouse funding requests in favor of Presidential priorities. In our view, this makes little sense and is unfair. It causes tremendous problems for the judiciary, wastes countless hours of time, and significant amounts of money invested by GSA and the judiciary to study the feasibility of these projects. It also places the Congress in the position of having to find the funding for the projects from other areas with an already tight budget cap.

The judiciary believes we should now consider a legislative remedy that, if enacted, would provide the judiciary with clear statutory authority to submit a courthouse construction funding request directly to the Congress without being subject to the political pressures faced by OMB each year as it sets priorities for the executive branch. Our proposal would not in any way change the oversight authorities of GSA. It would not change its benchmarking of our projects. Our request would not in any way change the oversight authorities of Congress related to courthouse construction. It also would not change the jurisdiction of this Subcommittee with regard to the funding of the projects. The Judiciary's appropriation request would be based on GSA cost estimates. GSA would still be responsible for constructing the buildings. The intent of the proposal is simply to ensure that a funding request is transmitted, without change, in the annual unified budget submission for your consideration each year. We have been discussing this proposed legislation with members of Congress and hope you will consider endorsing and co-sponsoring this initiative.

In recent years, the judiciary has continually reviewed and significantly improved the operation of the courthouse construction program. It has been nearly 12 years since the judiciary last conducted an independent management review of its facilities program. Later this month, as a part of our ongoing commitment to cost containment and program assessment and evaluation, we will embark upon a major top-to-bottom review of our entire space and facilities program. We anticipate that a major independent consulting firm will assist us with this review. It will address our long-range facilities planning, design assumptions, internal space management policies, business practices, the issue of courtroom sharing and utilization, funding mechanisms, and resource allocation strategies.

A critical dimension of the study is to solicit the views of interested Congressional committees and others in the Congress, GSA, OMB, and the General Accounting Office, judges, attorneys, the United States Marshals Service and other court users as necessary throughout the course of this study. We will keep you informed of our progress. In the meantime however, it is critical that the courthouse construction program continue to move forward.

I would also like to mention the fiscal year 1997 problem already discussed by GSA. The Administration has proposed a general provision in GSA's fiscal year 2000 budget submission to prevent the lapse of these funds. The law as now written could affect major new courthouse projects in Brooklyn, New York and in Cleveland, Ohio. Other projects also might be affected. We hope you will consider taking prompt action on this GSA request well in advance of the close of this fiscal year.

Concerning courthouse construction projects, the judiciary continues to review and update its prioritization of projects using a weighted scoring methodology. By continuously reviewing our priorities, we are able to ensure that changing circumstances at a particular location are taken into account so that necessary adjustments can be made. I am pleased to report that the process we established in response to Congress' suggestion that all projects be ranked in order of priority has worked quite well.

A courthouse project is not proposed for consideration unless the district's long-range facility indicates there is no more room for judges in the existing facility. The independent study we are undertaking will also review this process to ensure that it is effective.

Turning to courtroom assignment and use, the Judicial Conference has adopted a policy on courtroom sharing that balances the essential need for judges to have an available courtroom to fulfill their responsibilities, with the economic reality of limited resources. It continues the standard of providing one courtroom for each active district judge. In addition, with regard to senior judges who do not carry a caseload requiring substantial use of a courtroom and visiting judges, the policy sets forth a non-exclusive list of factors for circuit councils to consider when determining the number of courtrooms needed at a facility.

All circuit councils have developed courtroom sharing policies for senior and visiting judges. Implementation of these policies will assist the judiciary in its continuing effort to contain the cost of court facilities, while ensuring that the appropriate number of courtrooms necessary to fulfill its constitutional mission are provided. Our policy and the whole issue of courtroom utilization will also be studied by the independent consultant reviewing our facilities program over the next 12 months.

In summary, a number of new courthouses have been occupied over the past 18 months. Public reaction has been very favorable. The courthouses being delivered by GSA today are high quality, operationally efficient buildings that should last well into the next century.

Many lessons have been learned as the Congress, GSA, and the judiciary have worked together over the past several years on the courthouse program. We have incorporated many of the recommendations made by this Subcommittee into our planning process and design standards in order to improve management of the program. We will be studying whether there are more ways to control costs and to make the program even more effective in the months ahead. The judiciary hopes the Subcommittee will recognize the actions taken by the Judicial Conference as evidence of the judiciary's commitment to a productive and cooperative working relationship. We ask that you take action to appropriate funds for the new construction and repair and alteration projects on the attached list in fiscal year 2000.

I will be pleased to answer any questions you might have at this time.

[The prepared statement of Judge Roth follows:]

JUDICIAL CONFERENCE OF THE UNITED STATES

STATEMENT OF

**JUDGE JANE R. ROTH
U.S. COURT OF APPEALS FOR THE THIRD CIRCUIT**



BEFORE

**THE SUBCOMMITTEE ON TREASURY, POSTAL SERVICE AND
GENERAL GOVERNMENT**

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

ON

**THE COURTHOUSE CONSTRUCTION PROGRAM
FOR FISCAL YEAR 2000**

March 17, 1999

Mr. Chairman and Members of the Committee:

My name is Jane Roth. I serve as a judge on the Third Circuit Court of Appeals and as a member of the Judicial Conference's Committee on Security and Facilities.¹ Judge Norman Stahl, the chairman of the Committee, apologizes for not being able to meet with you here today. We greatly appreciated meeting informally with you and Congressman Hoyer last month to discuss the courthouse program. We also appreciate the opportunity to appear before you today to discuss both the judiciary's continuous efforts to improve management of the courthouse construction program and the FY 2000 courthouse projects that have been prioritized in our five-year courthouse project plan. My appearance here today marks the first time the Subcommittee has afforded the judiciary an opportunity to discuss its views with you on the courthouse program.

We have worked closely with the Congress and GSA on the courthouse construction program. We have what I would view as an excellent working relationship with the Committee and its staff. Our work together has been productive — and the judiciary sincerely appreciates the funding you provided for courthouses last year.

Lack of Funding Jeopardizes Federal Courthouse Construction

On February 1, President Clinton submitted a FY 2000 budget to Congress that contains no funding for federal courthouse construction projects. This is the third consecutive year that the Administration has failed to include funds requested by the General Services Administration for this purpose, jeopardizing current and future construction projects and forcing courts to continue

¹The Judicial Conference of the United States is the judiciary's policy-making body.

operating in facilities that are unsafe, overcrowded, and substandard. A listing of the 17 projects is attached to this statement. We will submit separately a detailed justification for each project. We also hope the Subcommittee will fund nine repair and alteration projects for buildings which house courts. Six of the repair and alteration projects were in fact included in the GSA budget request. However, three of the projects for building systems and infrastructure work in New York City, New York, Portland, Oregon, and Salt Lake City, Utah, were submitted by GSA to OMB, but were not approved for inclusion in the repair and alteration budget request. A list of all nine repair and alteration projects also is attached to this statement. Based on the best information we have, it is estimated that \$579 million is needed in FY 2000 for the 17 courthouse construction projects. This amount is subject to change pending further discussion with GSA. Funding in the amount of \$83.1 million is needed for repair and alteration projects, \$45.4 million of which was included in the President's budget request.

Delayed funding of scheduled courthouse projects will result in significant cost increases. The GSA estimates that construction costs increase an average of 3-4 percent for each year of delay, and the cost of scarce urban sites is expected to increase dramatically. The absence of funds will not only delay the FY 2000 courthouse plan for at least a full year, but will adversely impact all courthouse projects in the coming years.

The workload of the federal courts has grown tremendously over the past 10 to 15 years, largely as a result of legislative efforts to wage a federal war on crime and the illegal drug trade. As the criminal caseload has grown in number and complexity, civil jurisdiction of the federal courts has broadened and the number of bankruptcy filings also has risen substantially. While the number of judges and court employees has grown to meet the needs of a rapidly increasing

caseload, court facilities have often not kept pace.

Many of the existing court facilities were built over 50 years ago and have not or cannot be altered to meet the needs of a modern day justice system. Generally, older courthouse structures cannot accommodate the technological advancements necessary for a modern court. Security for jurors, witnesses, court employees, judges, and the visiting public is compromised as they pass through the hallways and ride in elevators with individuals who have been charged with or convicted of serious crimes. Finally, problems with deteriorating heating, cooling and water systems, as well other building infrastructure problems will persist unless action is taken to fund the projects. Without the necessary funding, the federal judiciary will continue to face serious space and security concerns.

As I noted earlier, this is the third time in the past three years that the federal courthouse construction program has been threatened. Courthouse funds were not included in the President's budget request to Congress in FY98 supposedly because of a significant deficit in the Federal Buildings Fund. (In fact, new buildings have been funded through direct appropriations, not from the Buildings Fund.) Despite the judiciary's appeal, Congress was unable to both fix the deficit and fund FY98 courthouse projects. Those projects were then moved forward to the FY99 request. In FY99, funds requested by GSA for court facilities were excluded from the President's budget request in order to fund other presidential priorities. Notwithstanding commitments made by the Office of Management and Budget to include those projects in the presidential budget request, OMB abruptly withdrew funding for the courthouse program just before it transmitted the request to Congress. These actions were taken without any consultation with the judiciary. In response to the judiciary's plea for funding in FY99, Congress did appropriate the funds necessary:

to continue the courthouse construction program. We appreciate the difficulty Congress faced trying to find the money for courthouses last year when there was none in the budget.

We met in December 1998 with White House Chief of Staff John Podesta and OMB Director Jacob Lew to discuss the need to continue the courthouse program in FY 2000. Unfortunately, once again our request to include funding in GSA's budget request was not approved by the President.

A Legislative Remedy

The judiciary is seeking a legislative remedy to the impasse with OMB. Under the current process for funding and authorization, the judiciary transmits its request for courthouse projects to GSA, which after a significant amount of review, places requests in its submission to OMB. The OMB must then approve GSA proposals for courthouse projects before they can be included in the President's annual budget request. Unlike executive branch agencies, the judiciary, as a separate branch of government, has little or no input into the OMB decision-making process. I call your attention to 31 U.S.C. 1105², which requires the President to submit the budget requests of both the legislative and judicial branches for congressional consideration without change each year. Because courthouse construction is by statute a GSA responsibility, it is the only aspect of the judiciary's funding requirements that OMB has authority to alter. OMB has used this authority to reject judicial branch courthouse funding requests in favor of presidential priorities. In our view, this makes little sense and is unfair. It causes tremendous problems for the judiciary, wastes countless hours of time and significant amounts of money invested by GSA and the

²31 U.S.C. 1105(b) states: Estimated expenditures and proposed appropriations for the legislative and executive branch to be included in each budget...shall be submitted to the President before October 16 of each year and included in the budget by the President without change.

judiciary to study the feasibility of these projects, and places the Congress in the position of having to find the funding for the projects from other areas within already tight budget caps

The judiciary believes it is now time to consider a legislative remedy that if enacted would provide the judiciary with clear statutory authority to submit a courthouse construction funding request directly to the Congress without being subject to the political pressures faced by OMB each year as it sets priorities for the executive branch. Our proposal also would require GSA to submit the necessary prospectus documents and supporting materials for courthouse projects directly to the Congress. The proposal would not in any way change the oversight authorities of GSA or the Congress related to courthouse construction. It also would not change the jurisdiction of this committee with regard to funding the projects. Our proposed change permits the appropriation of construction funds directly to the judiciary for immediate transfer to GSA. The judiciary's appropriation requests would be based on GSA cost estimates and GSA would still be responsible for constructing the buildings. The intent of the proposal is simply to ensure that a funding request is transmitted without change in the annual unified budget submission for your consideration each year. We have provided the Subcommittee staff with a copy of the proposal and hope you will consider endorsing and co-sponsoring this initiative.

Independent Review of the Judiciary's Space and Facilities Program

In recent years the judiciary has continually reviewed and significantly improved the operation of the courthouse construction program. It was been nearly 12 years since the judiciary last conducted an independent management review of its facilities program. Later this month, as part of our on-going commitment to cost containment and program assessment and evaluation, we will embark upon a major top-to-bottom review of our entire space and facilities program. The

continued workforce growth, and changing security and operational requirements I mentioned earlier pose significant challenges for this important program. We anticipate that a major independent consulting firm will assist us with this review. It will address our long-range facilities planning and design assumptions, internal space management policies, business practices, the issue of courtroom sharing and "utilization," and funding mechanisms and resource allocation strategies. I might add that the judiciary recently received the Administration's Achievement Award for Real Property Administration for its long-range planning efforts.

A critical dimension of the study is to solicit the views of interested congressional committees and others in the Congress, GSA, OMB, and the General Accounting Office, judges, attorneys, the United States Marshals Service and other court users as necessary throughout the course of this study. Once the contract is awarded, we hope to have a final product in approximately twelve months. We will keep you informed of our progress. In the meantime, however, it is critical that the courthouse construction program continue to move forward.

Technical Amendment

We understand that there was a technical omission in GSA's FY 1997 appropriations bill that will cause funding for courthouse and other new construction projects approved that year to lapse if the funds appropriated are not obligated by September 30, 1999. The Administration has proposed a general provision in GSA's FY 2000 budget submission to correct this problem. The law as now written could affect major new courthouse projects in Brooklyn, New York and Cleveland, Ohio. Other projects also might be affected. We hope you will consider taking prompt action on this GSA request well in advance of the close of this fiscal year. Consideration

might be given to making the change by including language in a pending FY 1999 supplemental bill or other appropriate vehicle.

Prioritizing Courthouse Projects

The judiciary continues to review and update its prioritization of projects using a weighted scoring methodology. By continuously reviewing our priorities, we are able to ensure that changing circumstances at a particular location are taken into account so that necessary adjustments can be made. I am pleased to report that the process we established in response to Congress' suggestion that all projects be ranked in order of priority has worked quite well. We are now in the process of refining our methodology and will keep you advised of any proposed changes during the months ahead.

A courthouse project is not proposed for consideration unless the district's long-range facility plan indicates that there is no more room for judges in the existing facility. In virtually every proposed project, this determination is made after all executive branch agencies and court-related units (probation, pretrial services, the bankruptcy court) already have been moved from the existing building. In this sense, the expansion capacity of the building is the primary consideration in determining the need to take some action.

The lack of sufficient space can cause great waste and inefficiency in court operations. In worst case scenarios, trial courts are split into separate facilities causing the dual management of records, prisoners, and duplicate security screening. Security risks are a grave concern in all public buildings, including federal courthouses. Tragic events in Oklahoma City, Oklahoma, and shootings in courthouses in Topeka, Kansas and Chicago, Illinois, underscore the need for proper security arrangements.

It is for these reasons that the number of judges affected by a proposed project, the security situation at the buildings, and operational problems are factors used to prioritize projects in the judiciary's five-year project plan. In addition, we are finding that older buildings in most cases cannot easily accommodate the infrastructure needed to install technological innovations without incurring significant costs. Although not a factor used to determine the need for a new building, this last consideration is very important as we move into the "information age." In particular, courtroom technology that allows jurors to view exhibits and other evidence on monitors mounted in the jury box appears to expedite case processing and has resulted in jurors being more engaged in the judicial process.

Each year the judiciary seeks comments from courts about the five-year plan to determine if any of the factors affecting a project's score have changed. For example, as the years pass there may be shifts in a court's caseload that might require moving a judge's duty station to another location. Unanticipated growth in staff might require locating a clerk's office or even some judges away from the main courthouse, creating split court operations. Congress might determine that additional judgeships should be established at a location not initially contemplated. These changing circumstances can affect a project score, and thus its ranking in the plan.

GSA analyses can also impact the ranking and scoring of a project. For example, GSA recently has been studying a number of options for housing the courts in downtown Los Angeles, California. Because the Conference was advised that GSA planned to initiate site and design funding for this project in FY 2000 as opposed to FY 2001(as had been planned at one time) the project's position in the plan was changed. Until recently, some of the projects appearing in earlier years had lower scores than some projects scheduled for action in subsequent years. This

situation occurred because planning for the projects had begun prior to the adoption of the scoring and ranking process. Once the FY 2000 projects are funded, the new projects (i.e., those that have not been previously considered for site or design) appear in numerical order by score.

Courtroom Assignment and Use

The Judicial Conference has adopted a policy on courtroom sharing that balances the essential need for judges to have an available courtroom to fulfill their responsibilities with the economic reality of limited resources. It continues the standard of providing one courtroom for each active district court judge. In addition, with regard to senior judges who do not carry a caseload requiring substantial use of a courtroom and visiting judges, the policy sets forth a non-exclusive list of factors for circuit councils to consider when determining the number of courtrooms needed at a facility. Such factors include an assessment of workload anticipated to be carried by a senior judge and the number of years a senior judge is likely to carry such a caseload, as well as evaluation of the complement of courtrooms throughout the entire district.

The Conference asked each circuit council, which has the statutory authority to determine the need for court accommodations under 28 U.S.C. sec. 462(b), to develop a policy on sharing courtrooms by senior judges when a senior judge does not draw a caseload requiring substantial use of a courtroom, and for visiting judges. All circuit councils have developed courtroom sharing policies for senior and visiting judges. Implementation of these policies will assist the judiciary in its continuing effort to contain the costs of court facilities, while assuring the appropriate number of courtrooms necessary to fulfill its constitutional mission. The Judicial Conference also has adopted a number of planning assumptions that are being used to determine the courtroom capacity in a new building. As I mentioned earlier, our policy and the whole issue

of courtroom utilization will be studied by the independent consultant reviewing our facilities program over the next twelve months.

United States Courts Design Guide

Following a comprehensive two-year review, the Judicial Conference approved numerous changes to the *U.S. Courts Design Guide* about two years ago. First published in 1991, the *Guide* contains the information needed by GSA, private sector designers and builders, and members of the judiciary about the special requirements in federal courthouses that make them functional, secure, quality public buildings. While the comments received from users indicated the *Guide* was accomplishing its purpose, the judiciary also received a number of excellent suggestions for improvements, including some recommendations from Congress.

The revisions are expected to lower certain construction costs by about five percent (\$2 million) for an average-size (\$40 million) project. These savings are in addition to the estimated \$1.5 million per facility construction reduction effected by previous changes to the *Guide*. The five percent construction cost avoidance was determined by the National Institute of Building Sciences, which assisted the judiciary with the *Guide* review, using a nationally recognized construction cost estimating firm familiar with federal building construction costs.

The following summarizes the changes to the *Guide* intended to control future costs:

- Use of exotic hardwoods is prohibited.
- Shared use of space common to all court offices, such as conference and training rooms and staff lavatories is encouraged, and specific standards on the size and number of these facilities now is included.
- Staff office sizes are delineated in more specific terms.
- The important role that the project budget, long term durability, and maintenance costs

play in determining the level and type of interior finishes in new courthouses and in renovation projects is emphasized.

- A new chapter on general programming and budget considerations was added to help control costs.

- The sizes of chambers suites when chambers library collections are shared between or among judges was reduced. Also, designs that reduce lawbook costs, and that do not increase rental costs, are now included as optional configurations for new construction and remodeled space.

- The amount of space needed to move from one space to another, i.e., circulation space, is defined in more detail and reduced.

- Narrative was added emphasizing that courts and circuit judicial councils are not to take any actions that would lead to extravagance in courthouse construction or renovation.

- Guidelines were added to assist in determining the appropriate space required for satellite lawbook collections.

The independent program assessment I mentioned earlier will provide an opportunity to once again address the validity of our design standards and to make appropriate adjustments.

Summary

A number of new courthouses have been occupied over the past 18 months. Public reaction has been very favorable. The courthouses being delivered by GSA today are high quality, operationally efficient buildings that should last well into the next century.

Many lessons have been learned as the Congress, GSA and the judiciary have worked together over the past several years on the courthouse program. We have incorporated many of the recommendations made by this Committee into our planning process and design standards in order to improve management of the program, and will be studying whether there are more ways to control costs and make the program even more effective in the months ahead. Security considerations continue to be a major concern. The judiciary hopes the Committee will recognize

the actions taken by the Judicial Conference as evidence of the judiciary's commitment to a productive and cooperative working relationship. We ask that you take action to appropriate funds for the new construction and repair and alteration projects on the attached lists in FY 2000. The actual amounts of funding needed for each project should be coordinated with GSA because we have not been provided officially with the details of the actual dollar amounts submitted during the various passback and appeals processes used by OMB during its negotiations with GSA.

I would be pleased to answer any questions you might have at this time.

**Courthouse Projects Not Included in
the President's FY 2000 Budget Request
(In priority order)**

Los Angeles, California

Seattle, Washington

Richmond, Virginia

Biloxi/Gulfport, Mississippi

Washington, D.C.

Buffalo, New York

Miami, Florida

El Paso, Texas

Mobile, Alabama

Norfolk, Virginia

Las Cruces, New Mexico

Salt Lake City, Utah

Rockford, Illinois

Cedar Rapids, Iowa

Nashville, Tennessee

Erie, Pennsylvania

Savannah, Georgia

**Repair and Alterations Projects
Affecting the Judiciary for FY 2000**

Not included in the President's budget request:

New York City, New York (40 Centre Street) (electrical work)

Portland, Oregon Pioneer Courthouse (seismic and building infrastructure repairs)

Salt Lake City, Utah (Bennett Building) (seismic and building systems work)

Included in the President's budget request:

Montgomery, Alabama (renovations for the court of appeals and pretrial services)

Anchorage, Alaska (building systems and renovations to the federal building, which also houses courts)

Phoenix, Arizona (design of space for the bankruptcy court)

Albuquerque, New Mexico (renovations for the bankruptcy court)

Las Vegas, Nevada (design of space for the bankruptcy court and probation office)

Dallas, Texas (design of building systems and infrastructure repairs)

STATUS OF PROJECTS

Ms. NORTHUP [presiding]. Thank you, Judge Roth.

I just have one question before the Chairman resumes the seat. You were talking about including new projects in the budget that you have requested. I wondered what the status was of projects that Congress has included in past budgets that have not been acted on.

Specifically, I am thinking of the 1997 budget. Two projects that were in Kentucky, one in Covington, and one in London. Now, I see that last year, despite OMB's zeroing out that account, that we do have a list of projects that were included in the budget.

Is the Administration going forward on any of those projects?

Judge ROTH. I understand that these projects may be threatened by the glitch in the fiscal year 1997 appropriation. I am not sure of the status of these projects. I would be very happy to provide you with a written update of them.

Ms. NORTHUP. Would the failure to act on those be an exception? Are the projects in last year's budget going on as written into the bill?

Judge ROTH. I am not sure of the list of courthouses affected by the fiscal year 1997 appropriations. I am not sure of which projects might have funds lapse and which projects will not have funds lapse.

I will be very happy to provide you with a written status report on that.

[The information follows:]

The judiciary requests that the status of the Covington and London projects in Kentucky be obtained from GSA. GSA has responsibility for these projects and would be able to provide the most up-to-date information.

Ms. NORTHUP. Thank you.

Mr. KOLBE [presiding]. Mr. Hoyer.

IMPACT OF A FUNDING DELAY

Mr. HOYER. Thank you very much, Mr. Chairman.

Judge, you have referenced this, but perhaps if you could focus on it particularly. What do you think would be the effect of the one-year delay. We had a moratorium. Then we had no funding.

We came up with a half a billion, approximately. We are obviously trying to look for a half billion this year as well to fund the priority projects. What would your observation be as to if we cannot do that, what is the impact. Obviously, that will help us in terms of convincing people as to why we need to do it.

Judge ROTH. I think there would be a two-fold impact. One prong is the increase in construction costs. We would base this on the construction cost index increase every year, which to my understanding is about 3 to 4 percent.

The other impact would be on the projects that we have in years to come. We have our list of priorities for the year 2000. We have the list for fiscal year 2001, 2002. We have a 5-year plan.

These projects would each have to be moved one year later. These projects are for courthouses that are lacking space, that are having security problems, that have been studied by us and have a demonstrable need.

These projects should be built. To delay funding one year will put them all off one year further into the future.

Mr. HOYER. If you can, if you would tell me if you know, and if not, we can submit this for the record. What is the total cost for the completion of the 5-year plan?

Judge ROTH. I do not have that. I will be happy though to submit it for you.

Mr. HOYER. It has been \$500 million a year. I suppose it is \$2.5 billion for a 5-year plan. I am not sure about that. In any event, if you could provide that for the record, that would be helpful.

Judge ROTH. I will be happy to.

[The information follows:]

The cost of the five-year plan of courthouse construction for fiscal years 2000 through 2004 is as follows (\$ in millions):

FY2000—579.4

FY2001—667.8

FY2002—542.9

FY2003—566.5

FY2004—188.7

Total—2,545.3

DIRECT SUBMISSION OF COURTHOUSE BUDGET

Mr. HOYER. Now, you have told us that you are seeking a legislative remedy to the problem of OMB reducing or eliminating the budget request. There were concerns raised by GSA, obviously. You have addressed, I think, some of those in terms of control.

There is a concern that GSA obviously has, however, about if the judiciary can ask for the working up of a prospectus and other documentation necessary for the submission of a project, the control over how they are going to allocate their resources will somehow, to some degree, be taken out of their hands.

Is there a provision of your legislative proposal that would, in effect, allow GSA to participate with the judiciary in trying to figure out its own allocation of resources in terms of preparation of those plans and preparation for submission?

Judge ROTH. Absolutely. Our plan would not change GSA's role in the preliminary planning. We say we need a courthouse or we need more space, more security in a particular location. GSA looks at what is there, confers with us about what can be done, what needs to be done. We work with GSA to prepare the prospectus for the construction that is needed, using its expertise on how best to use the buildings that are there, on how best to use the space that is there.

We then will present that, not only to Congress for your oversight and your review of whether this really is necessary, but we will present it to OMB so that they can look at it and say whether they believe that the projects are necessary or whether the expense can be reduced. In saying that we wish to present our budget directly to Congress, we are not in any way indicating that OMB should not have the ability to criticize any projects that we suggest.

As we mentioned, too, the Congressional committee oversight and review of our projects would exist as it does today.

Mr. HOYER. I appreciate it very much. Obviously, this is going to be a controversial proposal for both authorizing committees and, to some degree, the appropriating committees, as it was with GSA.

It is clear, Judge, I think that we need to at least, at the very least, have an understanding of how we can get these projects which the Congress clearly believes ought to be done, on the list, funded, and forwarded to GSA for completion.

I might say that I know the judiciary, you did not mention this in your statement, but the judiciary, I am sure, is very pleased with Chairman Kolbe's leadership in the sense that we have worked strictly within the frame work of the priorities that you have set forth and that the Office of the Court, Administrative Office, set forth, and did not in any way impact those with extra projects added on. I think that was as a result of Mr. Kolbe's leadership. It was an important aspect of last year's action.

Judge ROTH. I agree, absolutely.

Mr. HOYER. Ms. Roybal-Allard has left, but she agrees with that, seeing as how Los Angeles is number one.

Thank you, Mr. Chairman.

COURTROOM SHARING

Mr. KOLBE. Thank you, Mr. Hoyer.

Judge Roth, you indicated in your statement that you met with the Chief of Staff, Mr. Podesta and OMB Director Lew in December to discuss this whole issue of the courthouse construction.

Judge ROTH. I was told about it. I was not there.

Mr. KOLBE. I am sorry. You were not a part of that. I am sure you have had a report of that. Did they give reasons to you as to why the Administration is, once again, not supporting a courthouse construction program?

Judge ROTH. My understanding is that it was very difficult to get reasons. That the only semblance of a reason was that we were not sharing courtrooms.

Mr. KOLBE. I have a couple of questions on that later. So, let me just ask them right now. Is that correct? Is there no courtroom sharing going or are there in other instances now where there is courtroom sharing?

Judge ROTH. There are certainly instances where there is courtroom sharing.

Mr. KOLBE. I know I have heard from Judge Stahl and from all of the judges that this is a bad thing to do because it would make it difficult for a judge to schedule a trial with a defendant on a civil case, and for the lawyers to know that, that it is going to be scheduled. If they do not know that, that a courtroom is available, maybe they do not feel the pressure to get that started.

Judge ROTH. I was a district court judge for 5.5 years. I learned, through the Federal Judicial Center, methods of case administration and how to keep the cases moving.

These methods are reflected now in the Civil Justice Reform Act. In a civil case, you want to start as early as possible planning the case, setting deadlines, setting discovery deadlines with a pre-trial hearing and actually setting at the beginning of the case, a trial date, which may be 6 months down the line, maybe 9 months, a year down the line.

When I was a district court judge, my calendar for 6 months and later was full. My courtroom was scheduled every day. At that time, my calendar for tomorrow might not be. My courtroom might

not be scheduled because by the advance scheduling that I had done, I had gotten the cases disposed of.

To do that advanced scheduling, I needed to know that there would be a courtroom available on the date set for the trial for the cases that I wanted to bring to trial. I knew too with the Speedy Trial Act for criminal cases that I was going to have to make allocation of courtroom use for those cases.

So, as an active district court judge, it really was imperative to have a courtroom available for the court management techniques that you need to keep the cases moving.

Mr. KOLBE. I just have to say I am still a little doubtful. It just seems to me it is an awfully expensive way to get cases to trial and get cases disposed of to build a gigantic courtroom to be sitting there, which ultimately is empty and unutilized, even if it is because you have been able to dispose of the case.

It is empty and under utilized. There has to be some way in which we can better utilize these facilities. You have expressed what is essentially a kind of a philosophical view and an anecdotal view.

Do you have any data to backup the assertion that the lack of a courtroom available at any time for every judge has a negative impact on the judicial system?

Judge ROTH. I cannot give you statistics. I think the study we will do will give you statistics.

Mr. KOLBE. Had you planned to include that in your study?

Judge ROTH. Absolutely; absolutely. For instance, Judge Rodriguez in the District of New Jersey, as a district judge was without a courtroom for 6 years. He had to find a vacant courtroom, if there was one, in the building. He did not always find a vacant courtroom, and had the experience that cases that he had scheduled for trial could not go to trial because there was not a courtroom. I can give you long anecdotal instances of this nature that an active judge needs a courtroom.

As an active judge, I was scheduling cases ahead. I sometimes found that I had two cases that ended up coming to trial on the same day. I would try two cases in a day; one for 5 hours in the morning and one for 5 hours in the afternoon. That is a rather exhausting way to lead a judicial life—with one courtroom and with case management techniques that rely on keeping the cases moving. You have to feel the assurance that there will be a courtroom there.

There are other shorter proceedings that also can take place during the course of a day; motions hearings, settlement conferences, jury selection all use the courtroom.

Mr. KOLBE. I will be interested in the study to see what it shows us in that regard. I hope also that the study will look at the problems of over crowding in existing courthouses and if you can document delays in the administration of justice as a result of over crowding. That obviously will help us in this ongoing battle with OMB about the issue of courtroom space.

Judge ROTH. We will be happy to consider these issues in our study.

NEED FOR DIRECT SUBMISSION

Mr. KOLBE. I wanted to come back to the question that Mr. Hoyer asked or the statement you made in response to Mr. Hoyer's comment.

That was that you really do not anticipate with your legislative proposal changing the way courthouse construction is done. That you do not see that as a change in the role of GSA.

What do you see as the purpose? I would guess it is not simply to bring your priorities directly to the attention of Congress. We have no problem, obviously we have your list. We know what your priorities are. It is not simply that.

What is the purpose? What do you see as the reason for this legislative proposal?

Judge ROTH. Well, right now because our construction projects are not in the budget, they are not within the budget caps. In making a determination to fund our construction projects you, as members of Congress, will have to take funds from other programs in the budget.

I think our budget requests are legitimate, well considered, well thought out requests. It is our position that they should be included in the overall budget presented to you. I think this is reflected in the provisions of Section 1105 of Title 31 that says the judiciary budget requests will not be changed by the President.

Mr. KOLBE. I think there is an arguable question as to whether that includes infrastructure facilities, planning, and then construction. What you are saying is that you would place the courthouse construction at a priority level above that of any other buildings.

Judge ROTH. No. We would want them to be in the budget along with other construction projects, or other buildings, to then be looked at by you, by the authorizing and appropriating committees of Congress, to determine whether these projects really are what we say they are.

Mr. KOLBE. I think it is accurate to say that it gives you higher priority because yours would be the only ones guaranteed to be in the budget request.

Judge ROTH. Well, we are the Judicial Branch. We are an independent branch. I think our budget has got to include the courthouses that we are going to hold court in.

Mr. KOLBE. So, you would say that it should be entirely the purview of the Congress to decide whether or not we build a Food and Drug Administration building and/or a courthouse; whether we spend the money on that. That those decisions should not be made at the OMB level. Is that correct?

Judge ROTH. That is correct.

ROLE OF AUTHORIZING COMMITTEE

Mr. KOLBE. Okay. You also though have a provision in your draft bill that says, "In accordance with the estimates prepared under this sub-section, funds are authorized to be appropriated to the Judiciary for deposit into the Federal Buildings Fund."

That bypasses, as I read that, the authorizing committee here in Congress, the Transportation and Infrastructure Committee. So,

only the Appropriations Committee would have any purview of this.

Judge ROTH. No. That is not our intent. If our language needs to be clarified in that regard, we will clarify it. We do not in any way mean to bypass any of the committees which currently oversee our proposals.

Mr. KOLBE. I think that does need to be looked at because I think that it would do that by saying that the funds are "authorized to be appropriated."

It does not go pass the authorizing committee. They do not have to then authorize it. That is something certainly to be looked at.

Judge ROTH. Yes. We certainly would be very interested in any suggestions you would have concerning the language of our proposal to make it effective.

LONG-RANGE PLANNING

Mr. KOLBE. You have also said, Judge, that our courthouse projects are not proposed for consideration, unless the long-range plan indicates there is no room for judges in the existing facilities of that district.

How far ahead do you look in the long-range planning?

Judge ROTH. Well, right now we are doing 5-year prioritization. We have rated every courthouse in the system. We feel that our rating methods should be reevaluated. That will be a part of the study that we are doing.

One of the problems we have is that if it is determined that a new courthouse should be built in a location where there is not presently a courthouse because of the increase in population or of matters that come before Federal court in that location, we have no present means to score that location. So, we are going to re-evaluate how we are setting our priorities.

Having set the priorities, having conferred with GSA and with Congress about the expected funding that might be available, we then take the most urgent cases and put them on the list that we present. If the funding is less than anticipated, we would simply cut the less urgent cases off the bottom of the list and put them onto the next fiscal year.

SAVANNAH COURTHOUSE

Mr. KOLBE. Just one other question. I have certainly not had any reasons to question the priorities established by the Judicial Conference. I think by and large we have agreed with them obviously. We have provided funds in accordance with that list.

There has been, as you know, one project over which there has been some difference of opinion. That is the Savannah courthouse project. I raise that only because I think it raises some larger issues about the way in which you do establish the priorities.

I want to feel confident about the way in which you go about doing that. Judge Bowen has sent us a letter, as I think you know, saying that he cannot truthfully say that the District is in need of additional courtrooms, considering his review of existing facilities and the case load data.

If what he says is true, I guess my question is, how did this get onto the priority list for fiscal year 1999?

Judge ROTH. Let me say at the outset that when we created the priority list, we kept in the pipeline the projects that had been begun because of the expense and the expectation of those projects. Savannah was one of the projects that existed already when we created the list. You will notice that in the point ranking on the fiscal year 2000 list, in fact, it has the lowest point rank.

Nevertheless, the Judicial Conference yesterday voted that the need for the Savannah courthouse is going to be considered by the Eleventh Circuit judicial council, at its meeting on March 30th. It is the council, by statute, which determines whether a courthouse needs to be built. The Judicial Conference will abide by the decision of the Eleventh Circuit council as to whether or not that project should be built.

Mr. KOLBE. If there were to be a negative determination by that council, you would advise us then of that?

Judge ROTH. We certainly would, yes.

CONCLUSION

Mr. KOLBE. I think that covers our questions. If we have any others, we will submit them for the record. We appreciate very much your testifying today.

This is obviously one of those tremendously contentious issues that we face each year. I think Congress, both the Appropriations Committees and the Authorizing Committees, are anxious to try to find a way to resolve this to make sure that we have an orderly process for the construction of courthouse projects, but that we also do it in the most efficient way possible. That we also consider those needs along with the other needs of the Federal Government for construction.

Judge ROTH. Well, we certainly appreciate having the opportunity to be here today and express our views on our projects.

Mr. KOLBE. Thank you very much.

The Subcommittee stands adjourned.

Questions for the Record from the Appropriations Committee

The Administration's Lack of Support for Courthouse Construction

1. **QUESTION:** Judge Roth, in your statement, you indicate that in December a meeting was held with White House Chief of Staff John Podesta and OMB Director Jacob Lew to discuss the need for the courthouse construction program. At the meeting, did they give any reasons why this Administration has not supported the courthouse construction program?

ANSWER:

During the December 16, 1998, meeting, OMB Director Lew explained the Administration's lack of support for the courthouse construction program as the result of discretionary budgetary limits and the need to fund Presidential priorities. At other times, the OMB has mentioned courtroom sharing as a reason; however, disposition of the courts' caseloads in any year is influenced by the availability of courtrooms. If each active district judge has an available courtroom, it allows the setting of firm trial dates, promotes settlement in civil cases and pleas in criminal cases, and ensures our achievement of the objectives of the Speedy Trial Act of 1974, the Civil Justice Reform Act of 1990, and other legislative reforms. Providing a courtroom for each active district judge also permits timely handling of other non-trial matters such as arguments on motions for summary judgment and other motions, sentencing hearings, requests for injunctions, grand jury problems, contempt hearings, and detention and bail appeals. In addition, an available courtroom for each judge affords opportunities to settle large multi-party cases.

2. **QUESTION:** In your statement you mention that the workload of the Federal courts has grown tremendously over the past 10 to 15 years, largely as a result of legislative efforts to wage a federal war on crime and the illegal drug trade. Can you quantify that workload increase for us?

ANSWER:

Legislative efforts to wage a federal war on crime and the illegal drug trade have resulted in the total caseload for drug-related cases to grow from 10,593 cases in 1988 to 16,281 in 1998. During those ten years, criminal cases filed rose from 44,699 in 1988 to 57,691 in 1998, with total defendants increasing from 61,261 in 1988 to 79,008 in 1998. The total number of appeals also increased from 38,345 in 1988 to 53,805 in 1998. Of those appeals, drug cases accounted for 3,234 in 1988 and increased to 4,845 in 1998. Added to these figures are civil cases pending over several years. In 1988, 21,918 cases were pending for three years or more, but by 1998, 25,621 civil cases were pending by three years or more.

3. QUESTION: Can you give us some examples of cases where overcrowding at existing courthouses has resulted in delays in the administration of justice?

ANSWER:

The situation in Brooklyn, New York, is a prime example of the delays which overcrowding can cause. Pending construction of the new facility there, overcrowding is so severe that the 15 district judges divide ten courtrooms among themselves and share with three senior judges as needed. In addition, seven magistrate judges share six makeshift courtrooms created from office space, and periodically vie for time in the ten courtrooms shared by the 15 district judges. The special proceedings courtroom is used three to four times a week to naturalize up to 300 citizens per proceeding. This same courtroom is also used for arraignments six days a week, including Saturdays. It goes without saying that when a judge cannot find space in one of these courtrooms for a scheduled proceeding, justice is delayed. For example, because the courtroom which the chief district judge normally uses was occupied by another judge for a three-day criminal trial, the chief judge had to make 15 efforts during a five day period to obtain a courtroom for a non-jury, civil trial and for other scheduled proceedings. Just before the proceedings commenced, the judge did obtain a courtroom.

In the District of New Jersey, Judge Joseph Rodriguez was without a courtroom for the first 44 months he was on the bench. He had to find space in an unoccupied courtroom for all his proceedings. In many instances, trials would have to be put off and motions repeated because a courtroom was not available. Because the lawyers knew that the judge would not be able to schedule a proceeding if a courtroom was not available, the lawyers did not move their cases along. During this period, the judge had the largest backlog of any judge on his court. He describes the situation he was in as a "disaster."

Another example is Los Angeles, which is the largest federal court operation in the country. Delays in the administration of justice routinely occur in various ways. One of the most serious problems is caused by the fact that the district court must split its operations between locations on Spring and Temple Streets. This confuses both the jurors and the public. Jurors regularly become lost when they cross the busy streets to move from a proceeding on Spring Street to a courtroom on Temple Street. As a result, court personnel must escort jurors between buildings. In addition, juggling schedules for courtrooms is a standard practice because most senior judges carry a substantial caseload which requires use of a courtroom but they share available courtrooms on a rotational basis. Delays also occur whenever a multi-defendant trial requires modification of an existing courtroom. The district court in Los Angeles has 60-65 multi-defendant trials each year. An additional problem is the backlog of 500,000 applicants for citizenship; this is caused by the unavailability of courtrooms big enough to conduct naturalization ceremonies for more than 100 new citizens at a time.

Other court locations also report delays. For example, in the district court for Biloxi/Gulfport, Mississippi, proceedings are disrupted at times by the unregulated, unreliable, and loud heating and air conditioning systems.

None of the court buildings listed in our five-year plan can accommodate additional judges. In many cases virtually all related court offices, such as probation and pre-trial services or the staff attorneys, have been forced by overcrowding to move to other buildings. These situations hamper court operations and proceedings.

Legislative Proposal for Courthouse Construction Program

1. **QUESTION:** Judge Roth, we have reviewed your proposal to change the way that courthouse construction projects are presented to Congress. You state that the intent of the proposal is "simply to ensure that a funding request is transmitted without change in the annual unified budget submission for your consideration each year." I think you would agree that learning what your priorities are for courthouse construction is not a problem for us. Therefore, if the only reason for the legislation is to bring your priorities to our attention, there really doesn't seem to be any need for it. Could you elaborate for us why you believe that this proposal is so important?

ANSWER:

This proposal is important both for economic reasons and as a matter of principle. First, this year is the third year in a row that the Administration has threatened the federal courthouse construction program when it failed to include funds requested by the GSA for courthouse projects. The Administration's action jeopardizes current and future construction projects and forces courts to continue operating in overcrowded, unsafe, and substandard facilities. In addition, the GSA estimates that construction costs increase 3-4% for each year of delay of a courthouse project.

Second, under the current budgetary process, the judiciary transmits its requests courthouse construction to the GSA for GSA's submission to the OMB because courthouse construction is GSA's statutory responsibility. The OMB must approve the GSA's request for courthouse projects before inclusion in the President's annual budget. As a result, although by statute, the President cannot alter the judiciary's budget proposals, the OMB has the ability to alter courthouse funding requests. We believe that funding for the buildings we work in is as important a part of our budget as any other. We propose the change so that we can submit construction funding requests along with our other budget requests.

In effect, the actions of the OMB have caused tremendous problems for the judiciary, wasted time and significant amounts of money invested by the GSA to study the feasibility of courthouse projects, and placed the Congress in the difficult position of having to find funding for projects from other areas within a tight budgetary cap. This proposal would provide a legislative remedy to fund construction projects without changing the oversight authorities of the authorizing committees of the Congress, the jurisdiction of the Appropriations Subcommittees regarding courthouse projects, or the authority of the GSA for courthouse construction. In sum, the intent of the proposal is simply to ensure that the courthouse funding request is submitted without change in the annual unified budget.

- 2. QUESTION: Under your proposal, would the funding for construction of courthouses still flow through the Federal Buildings Fund?**

ANSWER:

Yes, all funds appropriated to the judiciary for courthouse construction would be immediately deposited in the Federal Buildings Fund.

- 3. QUESTION: Right now, the funding of courthouses competes with other GSA construction and repair and alteration projects. By guaranteeing that courthouse needs would be presented as part of the unified budget, would your proposal place courthouses at a competitive advantage over the other space needs of the federal government**

ANSWER:

Currently, judicial projects are not presented as part of the unified budget so that the judiciary and GSA are disadvantaged in obtaining funds to construct courthouses identified through the judiciary's long range planning process and initiated by the GSA through feasibility studies. Our proposal would ensure that courthouse projects are in the unified budget. It does not, however, in any way affect the inclusion in the unified budget of construction projects for the Executive Branch. Indeed, for this reason, because all construction projects will be included in the unified budget, no branch or agency is disadvantaged as the Congress determines funding priorities. Moreover, the GSA's construction program at this point is primarily focused on courthouses; only a few projects for the Executive Branch are requested each year. As a result, competition between the space needs of the judiciary and of the rest of the federal government is limited.

4. **QUESTION:** You state that the proposal will not change the oversight authorities of the Congress related to courthouse construction. However, the language contains the following: "In accordance with estimates prepared under this subsection, funds are authorized to be appropriated to the judiciary for deposit into the Federal Buildings Fund." Doesn't that language, in fact, authorize the appropriation of funds for construction for the individual projects included in the request you present to Congress, thereby bypassing the Transportation and Infrastructure Committee?

ANSWER:

No, the intention of the proposal is to maintain and strengthen the oversight authorities of the Congress regarding courthouse construction. The authorization in the proposal is related to the judiciary's ability to receive funds for deposit into the Federal Buildings Fund, not to the authorization of individual projects by the Congress. We would be pleased to work with the Subcommittee to clarify this aspect of our proposal.

Independent Review of the Judiciary's Space and Facilities Program

1. **QUESTION:** Judge Roth, we are pleased that you are planning to undertake a comprehensive review of your facilities program. Will this study address the issue of courtroom sharing?

ANSWER:

Yes, one of the objectives of the independent assessment of the judiciary's space and facilities program is to study courtroom utilization which involves such things as courtroom sharing.

2. **QUESTION:** What is your current policy with regard to courtroom sharing and why is that your policy?

ANSWER:

The Judicial Conference adopted a policy on courtroom sharing in March 1997 which it published in the last revision of the *United States Courts Design Guide*. The policy supports the position of providing a courtroom for each active district judge. Circuit judicial councils, which have the statutory authority at 28 U.S.C. § 462 to determine the need for court accommodations, have developed policies on sharing courtrooms by senior judges not carrying a caseload requiring the substantial use of a courtroom, and for visiting judges.

After reviewing the issue of courtroom usage, the Judicial Conference determined that providing a courtroom for each active district judge allows them to handle cases expeditiously and to schedule firm trial dates as encouraged by the Speedy Trial Act of 1974 and the Civil Justice Reform Act of 1990. Firm trial dates promote settlement in civil cases and pleas in criminal cases thereby reducing the need for and costs of trials. Providing a courtroom for each active district judge also permits timely handling of emergency matters, such as requests for injunctions, grand jury problems, contempt hearings, and detention and bail appeals. Providing a courtroom for each active district judge permits unscheduled opportunities to settle large multi-party cases.

3. QUESTION: Are there now instances where judges are forced to share courtrooms?

ANSWER:

Yes, there are circumstances where judges have been forced to share courtrooms, typically because of the physical space impediments of many of the nation's older courthouses. Judges are also encouraged to share courtrooms and other space by Judicial Conference policy. As a result, courtroom sharing occurs in numerous district courts nationwide. For example, during the current courthouse construction project in Brooklyn, New York, overcrowding is so severe that the 15 district judges there share ten courtrooms among themselves and with three senior judges as needed. The special proceedings courtroom is used three to four times a week to naturalize about 300 citizens per proceeding and six days a week for arraignments. Seven magistrate judges there share six makeshift courtrooms created from office space, and as work demands, vie for time in the ten courtrooms shared by the 15 district judges. If any of these courtrooms are in use, then justice is delayed and scheduling can become almost unmanageable.

In another example, the U.S. District Court in Los Angeles has a policy where four magistrate judges share two courtrooms and senior judges share courtrooms by rotating among available courtrooms. In Seattle, Washington, five active and three senior district judges and three magistrate judges share five district courtrooms and two small magistrate courtrooms. In Washington, D.C. the court has planned prospectively in the annex for every two senior judges to share one courtroom while the court of appeals will share two district courtrooms.

4. QUESTION: Have you been able to document any negative effects of courtroom sharing? If you have, would you please provide us with that information so we can include it for the record.

ANSWER:

We anticipate the upcoming, nationwide, independent review of the judiciary's facilities program will provide empirical data on positive and negative effects of courtroom sharing. One documented example of the negative effects of courtroom sharing was provided by the chief district judge in Brooklyn, New York. From September 4, 1997 to September 9, 1997, he logged 15 efforts to obtain a courtroom for a non-jury, civil trial, and a few short proceedings scheduled for September 9-10, 1997, when the courtroom he normally used was occupied by another judge for a three-day criminal trial, (see attachment). Another documented example of the negative effects of sharing courtrooms occurred when the U.S. Court of Appeals for the Third Circuit determined in *Government of the Virgin Islands v. Juniel Charleswell*, 115 F.3d 171 (1997), that the limited availability of courtrooms did not outweigh the defense's need for additional time for preparation for trial.

Prioritizing Courthouse Projects

1. QUESTION: You state a courthouse project is not proposed for consideration unless the district's long range plan indicates there is no room for judges in the existing facility. How far do you look ahead in your long range planning?

ANSWER:

Every three to four years on average, each district court updates its long range facilities plan. The court's planning team studies past staffing and workload information and then looks at present and future space needs of the court for 5, 10, 20 and 30-year milestones. The estimate of workload, staff and space needed in 30 years forms the basis for acquiring a site for a new courthouse or annex. The GSA plans construction of a building based on the estimate of space needed 10 years from design funding.

2. **QUESTION: You state that potential courthouse projects are then prioritized using a weighted scoring methodology. What factors are used in the prioritization and what are their relative importance?**

ANSWER:

Courthouse construction projects are evaluated on four factors; each factor is weighted in terms of its relative importance. First, the year a courthouse is (or is projected to be) out of space; this factor is weighted 30 percent. Second, the degree of security risk posed by the existing building; this factor is weighted 30 percent. Third, the number of judicial officers impacted by the project; this factor is weighted 15 percent. Fourth, operational considerations such as inadequate heating, ventilation, or fire safety systems; this factor is weighted 25 percent.

3. **QUESTION: What is the cost of the Five-Year Plan?**

ANSWER:

The costs for Fiscal Year 2000 are the best information the judiciary had available from the GSA at the time the five-year plan was developed during the fall of 1998. The costs for projects in FY 2001 through 2004 are planning estimates developed by the Administrative Office of the U.S. Courts. First, the project's gross square footage was calculated, then multiplied by \$247 per square foot as determined by the GSA to include site acquisition, design, and construction for a total project cost. Our assumptions are that 15% of this total will be needed for site and design, with the remaining 85% for construction of the project.

Estimated Costs for the Five-Year Plan for Courthouse Construction for FY 2000 through FY 2004:

(dollars in millions)

FY 2000	\$579.4
FY 2001	667.8
FY 2002	542.9
FY 2003	566.5
FY 2004	188.7
TOTAL	\$2,545.3

Questions for the Record from Rep. Carrie Meek

1. **QUESTION: The GSA's FY 2000 budget submission does not contain any funds for courthouse construction, but I understand that the new construction program that the GSA submitted to OMB included funds for courthouse construction. Are the courthouse projects that the GSA submitted that the OMB rejected, the same projects that the Judicial Conference included in its most recent 5 year plan? What was the dollar value of these courthouse projects? Do you know why the OMB did not include these projects in GSA's budget submission? Do you believe that the process used by the Judicial Conference to prioritize its new construction needs is a fair and appropriate process?**

ANSWER:

The projects submitted by the GSA are the same projects on the Judicial Conference five-year plan except for Savannah, Georgia. The judiciary estimates these 17 courthouse projects for FY 2000 (including Savannah, Georgia) to cost \$579.4 million, subject to verification by the GSA. During a December 16, 1998, meeting with the White House Chief of Staff and the OMB Director, it became clear that the Administration would not support the courthouse construction program because of discretionary budgetary limits and the need to fund Presidential priorities. We believe that courthouse construction simply is not an OMB priority and the OMB is content to place the burden on the Congress to arrange its priorities to allocate the necessary funds for courthouses.

The prioritization process used to develop a Judicial Conference five-year plan is fair and appropriate. In 1998, the GSA presented its Second Annual Achievement Award for Real Property Innovation to the judiciary for its long range facilities planning process in the category of best innovative practices. To further its commitment to review and make changes, the judiciary has engaged an independent consultant to undertake a nationwide, comprehensive study of the judiciary's space and facilities program. Currently, its long range planning includes 5, 10, 20, and 30 year milestones and GSA plans construction of a building based on the estimate of space needed 10 years from funding the design. Courthouse projects are then prioritized by a weighted scoring methodology with the more urgent projects ranked higher on the list for a given year.

2. **QUESTION: I understood you to say that the Judicial Conference does not have current budget information concerning the costs of prospective courthouse construction projects because the GSA and the OMB have not shared current prospectuses and other information with the Judicial Conference? Is that correct? If so, has anyone told you why this information is not being shared with the Judicial Conference?**

ANSWER:

In the fall of 1998, the GSA provided draft prospectuses for the FY 2000 list of courthouse projects. Although the GSA agrees the projects are needed, it controls courthouse project budgets because it is statutorily responsible for courthouse construction. We do not know why the GSA has not provided signed prospectuses for those projects on the FY 2000 list.

3. **QUESTION:** Recently, the Judicial Conference sent a legislative proposal for our consideration that would have the effect of preventing the OMB from modifying the Judicial Conference's budgetary requests. Have you received any reaction from the GSA, the OMB, or the Administration concerning your legislative proposal? What has been the reaction?

ANSWER:

We know that GSA supports the judiciary's courthouse construction program because virtually its entire federal construction program is for courthouses. Courthouse construction is the GSA's statutory responsibility and the legislative proposal does not change either GSA's or the Congress' role. We have not received any formal feedback from the GSA, OMB, or the Administration on this proposal.

4. **QUESTION:** For FY 98, FY 99 and the current fiscal year, please provide a statistical profile of your employees and management personnel broken down by race, sex, and pay grade. How many African Americans, Hispanics, other minorities and women are employed by the Judicial Conference of the United States?

ANSWER:

The Judicial Conference's Equal Employment Opportunity (EEO) Program is based on its commitment to recognizing, preventing and removing barriers to fair employment practices in the federal judiciary. This program incorporates a Model EEO Plan with discrimination complaint procedures. Pursuant to Judicial Conference requirements, appellate and district court units provide the Administrative Office of the United States Courts demographic statistics on the implementation of the Model EEO Plan within their court units. The last EEO annual report was submitted to the March 1999 Judicial Conference and includes demographic statistics for FY 1998. Beginning in FY 1999, courts will compile EEO data as part of their larger charge to submit data on their new employment dispute resolution plans.

The Judicial Conference of the United States is the federal courts' primary policy making body and it is recognized by the executive branch and legislative branch as speaking for the judicial branch as a whole. However, as a general matter, the Judicial Conference does not have the statutory authority to direct or control specific actions of individual courts or judges. Therefore, the Judicial Conference is not an employer. The day-to-day responsibility for judicial administration rests at the local level of the judicial governance system. Individual courts and judges are given the responsibility by statute and administrative practice to manage local court policies and procedures.

The EEO statistics reported by the courts cover both permanent (full-time and part-time) and temporary (with an appointment of at least one year) employees in the courts of appeals and the district courts, the bankruptcy courts, the territorial courts, the United States Court of Federal Claims, the United States Court of International trade, and the Judicial Panel on Multidistrict Litigation. Judicial officers and temporary employees (appointments of less than one year) are not reflected in the court personnel data provided by the courts. Judicial officers are reported separately by the courts.

At Attachment I is a table showing the breakdown of total court personnel from October 1, 1997 through September 30, 1998. For purposes of the annual EEO report, courts have not been asked to provide demographic data by pay grade. At Attachment II is a table showing active federal judicial officers by gender, race, national origin, and reported disability for the period from October 1, 1997 through September 30, 1998.

Total Court Personnel as of September 30, 1998

	Totals	Male	Female	White	African-American	Hispanic	Asian	Native American	Disabled
Circuit Courts	3,361	1,275	2,086	2,466	358	374	141	22	32
District Courts	20,341	6,099	14,242	15,210	2,721	1,722	546	92	238
Total Courts	23,702	7,374	16,328	17,676	3,079	2,146	687	114	270

Federal Judicial Officers (Active) as of September 30, 1998
(By Court, Gender, Race/National Origin, and Reported Disability)

Court		Total	White	African-American	Hispanic	Asian	Native American	Disabled
Circuit	Male	158	141	11	3	1	2	0
	Female	36	32	2	2	0	0	0
	Total	195	173	13	5	1	0	1
District	Male	526	455	48	17	6	0	0
	Female	115	92	12	11	0	0	0
	Total	641	547	60	28	6	0	12
Bankruptcy	Male	281	269	5	7	0	0	0
	Female	62	58	3	1	0	0	0
	Total	343	327	8	8	0	0	0
Magistrate (Full-time)	Male	324	302	10	9	3	0	0
	Female	83	73	8	2	0	0	0
	Total	407	375	18	11	3	0	4
Magistrate (Part-time)	Male	73	72	0	1	0	0	0
	Female	6	4	1	1	0	0	0
	Total	79	76	1	2	0	0	1
Totals	Male	1,362	1,239	74	37	10	2	0
	Female	302	229	26	17	0	0	0
	Total	1,664	1,498	98	54	10	2	18

5. QUESTION: Please provide a profile broken down by race, sex, and company size of the vendors who are receiving

5. **QUESTION:** Please provide a profile broken down by race, sex, and company size of the vendors who are receiving contracts from the Judicial Conference. Please include the aggregate dollar amount of such contract awards, along with an aggregate dollar amount of all contracts awarded by the Judicial Conference to third parties.

ANSWER:

The Federal judiciary's contract actions are compliant with applicable public law, e.g., labor laws and Javits-Wagner-O'Day (JWOD). The Small Business Act is not applicable to the Federal judiciary, but judiciary policy does specifically encourage the award of local procurements to small and minority businesses. The judiciary does not maintain statistics on the number of small and minority contract actions awarded.

6. The questions submitted by Congresswoman Meek were misnumbered and there is no question 6.
7. **QUESTION:** Please detail the Judicial Conference's efforts to recruit African Americans, Hispanics, other minorities and women to its workforce and as vendors. How do you rate the success of your promotion and recruitment programs for such prospective employees and vendors?

ANSWER:

Regarding the judiciary's recruitment strategies for its workforce, since implementation of the Model Equal Employment Opportunity Plan in 1980, the judiciary has been committed to a policy that ensures that job opportunities at every level are made available to a diverse pool. To this end, judiciary policy directs that vacancy notices, with limited exceptions, are announced and distributed to the federal courts (both in local courts where such vacancies arise as well as court units throughout the nation) and the general public. An important facet of this activity is distribution of announcements to minority associations and student groups. In order to promote diversity beyond entry-level positions, the Model EEO Plan encourages courts to regularly provide appropriate skills training for all employees. A review of narrative reports submitted by courts, for preparation of the FY 1998 Annual EEO Report, provides that courts have in fact provided regular training for employees. Courts' efforts to adhere to this policy are assisted by the Administrative Office.

Regarding the judiciary's outreach efforts to minority and women-owned vendors, judiciary policy encourages court officers and procurement liaison officers to seek out and solicit small businesses and minority businesses for local procurement sources wherever possible. In addition, judiciary policy requires consideration of General Services Administration (GSA) contracts (compliant with all executive agency requirements including the Small Business Act) prior to seeking open market buys. Reasons for not using GSA contracts must be documented. Contracts entered into under a GSA delegation of procurement authority as it relates to real property are compliant with executive agency regulations.

Information Technology contracting encourages small businesses to participate in our full and open competitions and also provides complete bidders mailing lists with each solicitation to facilitate small businesses efforts in teaming and subcontracting arrangements.

With regard to printing services, the Administrative Office uses the Government Printing Office (GPO) for most jobs. GPO complies with the Small Business Act. For copying services and graphics services not issues through GPO, the Administrative Office uses small and minority-owned businesses, and/or women-owned businesses. A handicapped-owned mailing house is used for distribution.

Since the judiciary does not collect statistics on the number of small and minority business contract actions awarded, it does not have a basis on which to rate the success of its programs for minority employees and vendors.

THURSDAY, MARCH 4, 1999.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

WITNESS

JOHN W. CARLIN, ARCHIVIST OF THE UNITED STATES

INTRODUCTION

Mr. KOLBE. The Subcommittee will come to order. I apologize for being late. One of the reasons I moved my office to the Rayburn Building is that is where my Subcommittee is located. And now here we are trying to get back to the Capitol. Riding an elevator down, taking a train across, another elevator up, you get to depend on their schedule, not your own, sometimes.

We are very pleased to welcome the Archivist of the United States, Governor Carlin. Governor Carlin is going to be testifying on the budget for the National Archives and Records Administration.

For operating expenses in the coming fiscal year, the National Archives has requested \$186,452,000, which is about \$38 million below the amount appropriated for fiscal year 1999. This reduction is possible because of a proposal to operate the records center program on a fully reimbursable basis beginning in fiscal year 2000. And that is a program that we certainly supported. And we look forward to talking with you more about that.

In addition, the Archives has two programs underway which are very interesting and which are very visible to the public and certainly of interest to this Subcommittee. One is the plan that would place the national documents of our democracy, the Declaration of Independence, Constitution, the Bill of Rights, in new encasements, thereby preserving them for future generations. And moving along with that hand in hand is the project to completely renovate the National Archives Building here in downtown Washington.

More hidden from the public view but also very, very important to its mission are some other projects the Archives is engaged in, initiatives that are essential to its mission of preserving the Nation's essential documents and making them available to the public. Included in these is the challenge of dealing with the vast quantities of electronic information that is being created throughout the government.

So, Governor Carlin, we are looking forward to hearing your testimony. Of course, your full statement will be placed in the record, and you can summarize as you wish. But before I do that, let me call on Mr. Price in the absence of Mr. Hoyer, who will be a little late this morning.

Mr. Price, we thank you very much for being here.

Mr. PRICE. Thank you, Mr. Chairman.

I have no questions, but I want to add my warm words of welcome to Governor Carlin and his associates. We look forward to hearing from you and having a chance to discuss the work of your agency.

Mr. KOLBE. And, with that, Governor Carlin, the floor is yours.

SUMMARY STATEMENT OF MR. CARLIN

Mr. CARLIN. Thank you, Mr. Chairman. We obviously want to thank you, Mr. Hoyer, and other members of the Subcommittee for last year's appropriation. You gave us strong bipartisan support, and we are making the most of it.

I also want to thank you for taking time to visit with me this year about the 2000 budget. I know your schedules are very busy. And, as you have indicated, my full statement will be a part of the record, which I appreciate.

I want to introduce Lew Bellardo, my Deputy, who is with me today; Adrienne Thomas, Assistant Archivist for Administrative Services; who will assist in any detailed questions that you might have on various aspects of our budget.

One of the things you have enabled us to do and, Mr. Chairman, of which you made reference is to create this object I brought with me. It may look odd, but what it represents is going to preserve the most important documents in the National Archives: the Declaration of Independence, the Constitution of the United States, and the Bill of Rights.

For nearly 50 years, we have exhibited these Charters of Freedom in the Rotunda of the National Archives to millions of people. This is a model of the re-encasements we will build so that we can safely display them in the Twenty-First Century to millions more.

You gave us money to develop plans for new encasements, and we have done it. And you gave us the money for the encasements themselves. And, as you can see, we are making progress in doing so. I am certain, Mr. Chairman, any specific questions you have, and I have the project director with me today, we can deal with them as well.

You also gave us money for the concept design phase for the renovation of the 63-year-old National Archives Building for Americans to come to see the Charters and use thousands of other documents. That design work is also underway.

And our Fiscal Year 2000 budget requests funds to complete it and do other work needed in preparation for awarding the renovation contract in Fiscal Year 2001. With your continued support, we will keep the great building that houses the Charters safe and accessible.

Also with your support, we are making progress in providing access to records far beyond our buildings. You have given us funds to develop an online Archival Research Catalogue, the first truly comprehensive catalogue of our holdings that we have ever offered to the public, in print or otherwise.

Already researchers can call up 386,000 records descriptions on their computers, whether that computer is at home or at the office or in their school. And, with your support, we will keep adding those records descriptions.

For Fiscal Year 2000, we also request funds with which to undertake another critical access project. Some 113 million people in this country are interested in family history research. Many such genealogists will be at our door on April the 1st, 2002. That is when we are required by law to open the 1930 census population census records.

Census records are among the most heavily used in our holdings. And we need to get ready. Therefore, we are requesting funds in the Fiscal Year 2000 budget to copy and distribute the 1930 census microfilm so that copies will be available nationwide on April 1st of the year 2002.

Among other major customers we receive a million and a half requests a year from veterans. Many need documentation of their entitlement to benefits. With funds you previously appropriated, our military personnel records staff in St. Louis is redesigning its procedures so that we can respond better to veterans and their families.

We will test those procedures this year. And we are asking for funds in Fiscal Year 2000 to begin implementing our plans so that we can use both people and technology to serve our nation's veterans better.

In my formal statement you will find many more examples of year-by-year advances in pursuit of goals in our strategic plan. And our budget request for the year 2000 will fund many more. And, yet, we are not asking, as the Chairman has indicated, for more money. In fact, we are asking for seven percent less.

As he indicated, the answer is in our Reimbursable Records Program. For years, our own appropriation has funded the storage of temporary records of most federal agencies and provided them other records services.

But with your continued support, starting in 2000, all agencies will reimburse us for such expenses. Otherwise, we would have to ask you this year for additional funding to build on the progress we are making to improve records management, to deal with electronic records, expand public access, and meet the needs for records storage and preservation.

Finally, let me say a word about the National Historical Publications and Records Commission, which makes grants for records preservation and publication. Last year you appropriated \$10 million for NHPRC, but \$4 million of that was for a single one-time grant and \$6 million for the Competitive Grant Program. The administration again requests \$6 million, which the Commission greatly needs to continue progress in publishing the papers of the Founding Fathers, among other important projects.

In closing, let me say this: We developed a strategic plan before we legally had to and we are actually using it. I hope it is clear that we are delivering on the promises we have made and can use what we request effectively.

Again, I thank you very much for your support. And I will be very happy to respond to your questions.

[The prepared statement of Mr. Carlin follows:]

FORMAL STATEMENT

JOHN W. CARLIN
Archivist of the United States

before the
House Committee on Appropriations
Subcommittee on Treasury, Postal Service, and General Government

FY 2000 Appropriations Budget Hearing
4 March 1999

Mr. Chairman, members of the Committee, and Subcommittee staff: as Archivist of the United States, I am pleased to appear before you to present the Fiscal Year 2000 appropriation request for the National Archives and Records Administration.

Before anything else, I thank you, Mr. Chairman, Mr. Hoyer, and other members of the Subcommittee for giving NARA strong, bipartisan support on appropriations last year, which we've been making the most of, as I will explain. I also thank you for the time you have taken out of your demanding schedules to meet with me personally about our budget request this year.

I. Introduction To The Budget Request

When I became Archivist of the United States, I pledged that we would evaluate our operations, find every way we could to maximize the use of what we had, and then determine what additional resources we would need to do the job for the government and the public that the law requires us to do. That job is enormous and critical. Our mission is to ensure ready access to essential evidence documenting the rights, entitlements and identities of American citizens; the actions of Federal officials for which they are accountable; and our national historical experience. We developed a Strategic Plan for carrying out that mission, and we added specific targets and timetables as required by the Government Performance and Results Act. We evaluated our operations, and we launched a major reorganization to operate more effectively. And we assessed what it would take beyond internal squeezing to get our services up to the level required by our statutory mandate. Specifically, we looked at the need to—

- help government agencies manage their records to serve users better,
- overcome obstacles to managing and preserving electronic records,
- expand access opportunities so the public and government officials can more effectively use our records,
- save at-risk records and get all of the government's records in the right space for ensuring their accessibility as long as needed.

Last year the Administration proposed the first of a projected sequence of budget increases to get us to a level at which we could address these needs meaningfully. You gave us critical budget support, for which we are grateful. And you endorsed an element in our plan that would enable us, in the coming fiscal year, to take additional steps without increased appropriations. That element is the reimbursable records-center program that you gave us money last year to plan. Our plans are nearly complete. With your support, we will be able to launch the program as scheduled at the outset of Fiscal Year 2000.

Therefore the news I bring you is good. We are not requesting a budget increase for Fiscal Year 2000. In fact, the Administration's total request is \$228 million, seven per cent below the overall appropriation you gave us for the current fiscal year. Nonetheless, the budget before you will enable us to increase our investment in critical developments for which you provided funds last year. This will be possible with your support of our records center reimbursable program.

II. The Reimbursable Records Center Program (from the Revolving Fund Account)

For approximately a half century, NARA has operated federal records centers—facilities in which agencies of the Federal Government store records that remain in their custody but are no longer used often enough to retain in their offices. Most of these are “temporary” records” of insufficient continuing value to be scheduled for permanent retention in the National Archives. For most agencies, NARA has provided such storage free of charge. We have also provided retrieval, refile, and disposal services from our NARA budget. Agencies send requests for particular records to our records center staff, who pull the records, send them to the agencies, and then refile them when the agencies send them back. A few agencies with special or high-volume reference needs have reimbursed NARA, but approximately 70 per cent of the costs of running the records center program have been provided through the NARA appropriation. Our records center facilities have nearly reached the bursting point, containing 21 million cubic feet of agency records, and agencies’ demands for space are growing at a rate of 2.5 per cent per year—more than a half-million cubic feet. Accordingly, our Strategic Plan (Goal 3.B.1) calls for an alternative approach to funding the records center program that would protect other critical NARA programs from funding encroachments from rent and utility increases and that would allow NARA the flexibility needed to acquire more space or provide additional services to meet the agencies’ requirements. After consultation with the Congress, the Office of Management and Budget, and the agencies themselves, we are ready to provide services on a fully reimbursable basis starting October 1.

We will finance the program through a revolving fund, which will receive agencies’ fees and cover costs out of them. With service on a fee basis, we can meet agencies’ demands for increased space and staff because they will reimburse us. That will reduce NARA’s budget authority in the amount of \$60.7 million previously devoted to the support of records storage and retrieval services for the agencies. The Administration’s budget proposes to provide one-time start-up money for the reimbursable program by capitalizing the revolving fund at \$22 million. Other funds requested will finance continuing work on initiatives supported by the Congress last year so that our progress can continue next year without additional appropriations.

Let me emphasize that we are not proposing a batch of brand new programs that we dreamed up to absorb money freed by the reimbursable program. Without that program, we would be asking for the same support only it would require substantially increased appropriations for next steps in our on-going efforts to do the things that we described in our budget presentation last year, the major things called for in our Strategic Plan. They are to—

- promote front-end records management and meet electronic records needs (Goal 1),
- expand opportunities for access (Goal 2),
- meet storage and preservation needs of growing quantities of records (Goal 3).

Let me describe the progress we have been making on these fronts, and then, the additional progress that your approval of our FY 2000 budget request would make possible.

III. Progress On Records Management

To improve records management, we have taken major steps to help Federal agencies, particularly in dealing with electronic records:

- Acting on recommendations from our Electronic Records Work Group, we have drafted a bulletin, now under review by the Office of Management and Budget and Federal agencies, to guide agencies in working with us on scheduling how long to keep electronic copies of records of their program activities and certain administrative functions; promulgated changes to other general records schedules that authorize the disposal by Federal agencies of certain administrative records; and have nearly completed drafting a new general records schedule for certain administrative records documenting the management of information technology. (Strategic Plan, Goal 1, Target 1.3)
- We participated in the creation of, and have now endorsed, a standard developed by the Department of Defense (DoD) on design criteria for electronic records management software applications, which provides a starting point for agencies that want to begin implementing electronic record keeping. (Strategic Plan, Goal 1, Target 1.3)
- We have expanded emphasis on records management beyond Washington where our regional staff members work with, and are receiving positive responses from, Federal agency field offices. We are also laying the groundwork for the Targeted Assistance Program, which was supported by the Congress in the FY 1999 budget, in which we focus on helping those Federal agencies that have the more urgent records management needs. (Strategic Plan, Goal 1, Target 1.4)
- We are preparing a major business process re-engineering study, which was supported last year in the FY 1999 budget, of the ways in which Federal records overall are identified, appraised, scheduled, and tracked while in agency custody. (Strategic Plan, Goal 1, Target 1.1)

- We are developing records storage standards, standards that Federal agencies will use to ensure appropriate care for their records while in their legal custody. (Strategic Plan, Goal 3, Target 3.1)
- We have begun multi-year projects to improve the government infrastructure for managing electronic records and expanding NARA's capacity to preserve and make accessible permanently valuable electronic records. (Strategic Plan, Goal 1, Target 1.3, and Goal 3, Target 3.3)

IV. Progress On Expanding Access.

To expand public access to records, we have taken equally significant strides in the past year, as indicated by the following highlights:

- NARA is proud to own a government IT project that is succeeding—our Electronic Access Project. Right now 126,000 images of NARA's most popular and significant manuscripts, photographs, sound recordings, maps, drawings, and other documents are digitized and available for researchers to view on-line. That is more than the number of images we projected in this project, which we are completing within the funding you appropriated and without having to request an increase. We are grateful to you and to Senator Kerrey, among others, for making this possible. (Strategic Plan, Goal 2, Target 2.3)
- Our on-line *Federal Register* and related publications now include the entire 200 volumes of the *Code of Federal Regulations*. Users are making "hits" on our Federal Register publications at an average of 184,000 times each day, a 69 per cent increase over the past six months. (Strategic Plan, Goal 2, Target 2.6)
- We reviewed another 445 hours of Nixon White House tapes, processed and/or released material recorded in the Kennedy, Johnson, and Eisenhower administrations, and added some 180 cubic feet of records to the John F. Kennedy Assassination Records Collection, for which NARA assumed full on-going responsibility when the J.F.K. Assassination Records Review Board expired last fall. (Strategic Plan, Goal 2)
- We declassified 92 million more pages of material in our holdings, bringing to 319 million the pages we declassified in the three years since promulgation of Executive Order 12958. (Strategic Plan, Goal 2, Target 2.4)
- Our records continue to be a major resource for researchers, including Congressional staff members, who are trying to trace "Nazi Gold" and other assets looted from Holocaust victims. We are publishing a huge new "finding aid" to help them search our holdings. (Strategic Plan, Goal 2)

- Our military personnel records staff in St. Louis is completing a redesign, soon to be tested, of its procedures for responding more effectively to customers. (Strategic Plan, Goal 2, Target 2.1)
- And we formally opened the George Bush Presidential Library. (Strategic Plan, Goal 2)

V. Progress On Records Preservation and Storage

We are carrying forward projects to preserve records and to help us meet our growing needs for records storage space—and for the right kind of space for records preservation, retrieval, and use.

- We will soon unveil a model that our experts have developed for new encasements to ensure the on-going protection and preservation of our nation's Charters of Freedom—the Declaration of Independence, the U.S. Constitution, and the Bill of Rights—within the Rotunda of the original National Archives Building, and we are beginning the design of the renovation of that building, now sixty-three years old. (Strategic Plan, Goal 2, Target 2.7, and Goal 3, Target 3.1)
- We have attended to the preservation needs of 14,800 rolls of motion picture film that have been in jeopardy; we are working toward reformatting and duplicating audio and video records now on obsolete formats; and we are preparing to begin the process of moving our most at-risk audio-visual records into leased facilities that will provide cold storage that can slow acetate deterioration, which in itself will save some 60,000 cubic feet of motion picture and aerial film. (Strategic Plan, Goal 3, Target 3.2)
- To address our critical space needs outside the Washington area, we have begun work on a major space initiative through a series of meetings at each of our current regional facilities and with users at national conferences to try to learn more about their needs. (Strategic Plan, Goal 3, Target 3.1)

Thus we are carrying out the programs and projects for which the Congress gave us expanded resources in appropriating funds for the current fiscal year. As we said then, the dollars we sought would finance long-overdue steps—beginning steps—in the work we must do to fulfill what the statutes require of us and meet successfully the information needs of the government and the public in the 21st Century. Now we are ready to take the next steps needed on four specific fronts, for which we request funds for FY 2000:

- to promote front-end records management;
- to meet electronic records challenges;
- to expand opportunities for access; and,
- to meet storage and preservation needs of growing quantities of records.

VI. Next Steps To Promote Front-End Records Management (from the Operating Expense Account)

For FY 2000, the Administration requests \$1,597,000 and 17 FTE for next steps in our effort to promote truly effective front-end records management throughout the government.

Every day White House officials, agency administrators, Congressional committees, and Federal courts create thousands of records. NARA helps them meet statutory requirements that they create adequate records, maintain those records systematically, and determine which ones have sufficient historical or other value to warrant continued preservation, and for how long. Without effective records management, records will be at risk of loss, deterioration, and destruction. To ensure that records are not in jeopardy, NARA's strategic plan calls for the aggressive promotion of effective front-end records management throughout the government. But with more than 334 agencies creating records in thousands of locations, NARA has had difficulty responding even reactively to demands for service, and reactive responses do not guarantee that important government records are safe.

Therefore, we are carrying forward a nationwide targeted assistance program. With FY 1999 funds, NARA has begun to develop an integrated records management program that can respond to agency needs in both the Washington, D.C., area and across the nation. Our Fiscal Year 1999 funding is providing an initial base of staffing for targeted assistance to agencies both in the field and in the Washington area.

The funds requested for FY 2000 will enable NARA to build on current assistance to agencies by doing the following:

- Identify agencies with critical needs for managing their records, particularly those with valuable records at risk; (Strategic Plan, Goal 1, Target 1.4)
- Put more people to work providing assistance to Washington and field agencies to address these problems, including developing retention schedules for at-risk records, recommending programs to improve the management of these records, and providing increased and improved communications and training to agencies; (Strategic Plan, Goal 1)
- Decrease the time it takes for NARA to appraise and approve records schedules, and improve their consistency and effectiveness. (Strategic Plan, Goal 1, Target 1.1 and 1.2)

VII. Next Steps To Meet Electronic Records Challenges (from the Operating Expense Account)

For FY 2000, the Administration requests \$400,000 and 7 FTE to expand our capacity to preserve and provide access to growing quantities of electronic records in multiple forms.

The past two decades have seen a massive explosion both in quantities and types of electronic records generated in the Federal Government. Nearly every type of record ever created in traditional media now exists in electronic form, plus electronic records exist in forms that have no counterpart in the paper world. Impressive developments in technology for creating records have not been matched by technological developments for managing them. The Government must address realistically a future in which most government recordkeeping will be electronic. With resources appropriated for FY 1999, NARA has begun our current, multi-year effort to do the following:

- *Improve the infrastructure for managing electronic records throughout the Federal Government.* We are working with agencies, such as the Department of Defense, to develop electronic recordkeeping requirements, find tools and products capable of meeting these requirements, and build the capability to preserve document image files. NARA must work with agencies to develop standards for the transfer of archival images or risk losing a generation of historically valuable documentation. With FY 1999 support we are beginning to develop and test standards and techniques for transferring to NARA imaged records of continuing value. (Strategic Plan, Goal 1, Target 1.3)
- *Expand our own capacity for preserving electronic records of long-term value in the National Archives.* NARA's original Archival Preservation System automates the preservation of a small number of large data files from major agency databases. Now agencies are increasingly creating hundreds of thousands of small data files in office automation applications such as e-mail, spreadsheets, and word processing documents. NARA's current system does not have the capacity to handle this huge number of small files. With FY 1999 support, we are working to complete the systems analysis and issue requests for proposals for development of a high-volume Archival Preservation System. (Strategic Plan, Goal 3, Target 3.3)
- *Increase the accessibility of electronic records to customers.* NARA currently has extremely limited capability to make electronic records accessible electronically to researchers. Currently, researchers must access electronic records by purchasing copies of physical files. They cannot search on-line for specific records nor can they retrieve such records on-line. With FY 1999 funding, we are conducting a requirements and design study aimed at enabling researchers to access electronic records on-line through our Archival Research Catalog. We will develop a prototype system to provide on-line access to electronic records. (Strategic Plan, Goal 2, Target 2.3)

In FY 2000 NARA will expand and build upon these efforts using the base increase from FY 1999 to take next steps in the areas just outlined, and we request an additional \$400,000 and 7 FTE to process the increasing volume of records. While NARA is trying to automate as much of the initial archival processing as possible, staff are still needed at several key stages, including verification and description, which require analysis of the records.

Given time, all these initiatives will produce major improvements in our ability to address the challenge of electronic records, but there can be no pretense that they will meet the challenge in its entirety. The challenge will continue to grow and change, driven by the continuing evolution of information technology and continuing changes in the extent and variety of applications of information technology to digital government. NARA will need to capitalize on current partnerships and projects and expand partnerships with other agencies and institutions to ensure that essential electronic evidence is created, maintained, and accessible. We will need to collaborate in additional research and development efforts addressing new kinds of electronic records, such as digital photography, digital voice, digital motion pictures, and geographic information systems. And we will need to continue to provide guidance and assistance to Federal agencies in managing the electronic records explosion.

VIII. Next Steps to Expand Opportunities For Access (from the Operating Expense Account)

For FY 2000, the Administration requests \$17,393,000 and 26 FTE to make many more of the records that we manage and preserve for the citizens of our country readily accessible to them. The ultimate outcome—the public benefit—of all NARA's work depends on making the records we save accessible. We need the increases requested for FY 2000 to carry forward the following specific efforts in addition to others for which the budget increase provides:

Prepare to Open the 1930 Census (\$3,077,000)

On April 1, 2002, NARA will open the 1930 population census records to researchers, as required by law. The decennial censuses are among the most widely used records held by NARA, and their opening to the public is one of NARA's most eagerly anticipated events. To meet public expectations will require the duplication and distribution of the 4,318 rolls of 1930 census microfilm and enumeration district maps for use through NARA's facilities and our contractor-operated microfilm rental program. It also will require the purchase of equipment to store the film in NARA facilities and the upgrading of our microfilm reading rooms. We are requesting funds in FY 2000 to copy and distribute the original 1930 census microfilm so that these records will be readily available for research as prescribed by law. (Strategic Plan, Goal 2, Target 2.1)

Expand the Archival Research Catalog So That Customers Can Search Our Holdings (\$859,000)

Additionally we are developing an on-line catalog of all NARA holdings nationwide, including those in the Presidential libraries and regional archives (386,500 records descriptions already are available on-line). Users will be able to search the descriptions in the system by title, subject, date, or other keywords. When completed, this electronic catalog will make information about and from NARA's holdings nationwide readily accessible to staff assisting researchers with reference requests and to researchers in our research rooms and at their homes, offices, and schools. Development of the Archival Research Catalog will be completed in 1999 and our performance goals call for 85 percent of our holdings to be described in the catalog by 2002. We

are requesting funds to support the conversion of data from outdated, incomplete systems and paper finding aids to the Archival Research Catalog and provide for the roll-out and upkeep of this system on the Internet and in all of NARA's research rooms nationwide. (Strategic Plan, Goal 2, Target 2.3)

Modernize and Staff Reference Services To Meet Customer Needs (\$898,000)

To begin to update our reference services, we are requesting funds for a regular on-going program of replacing broken, deteriorating, and inadequate equipment, such as microfilm readers and audio and video players. We will place research computer terminals in every NARA research room so that researchers visiting NARA can access at our sites the same information that we make electronically accessible at home. And we will modestly expand reference staffs nationwide to address the significantly increasing numbers of reference requests and expand hours to enable researchers at our regional sites to pursue research at least one day a week outside normal government business hours. This commitment will go a long way toward improving customer service for the genealogists, historians, members of the media, legal researchers, government researchers, and others who visit our facilities to do needed research. (Strategic Plan, Goal 2, Target 2.1)

Improve Our Capacity to Declassify Documents as the Executive Order Has Directed (\$6,554,000)

Executive Order 12958 requires the declassification by April 2000 of material that is 25 years old unless specifically exempted. And the requirement is an ongoing one: in 2001, the Government will be expected to release documents created and classified in 1976; in 2002, documents created and classified in 1977; and so on. Keeping up will require meeting new challenges. Concerned about possible disclosure of atomic energy information, the Congress passed the Kyl Amendment last year, compliance with which will require that we conduct almost all declassification through page-by-page review. (In Fiscal Year 1998, declassification by survey accounted for 85 per cent of the pages reviewed.) The Nazi War Crimes Act will also reduce the amount of declassification that can be accomplished with existing resources. Instead of examining entire records series for declassification, an estimated one-third of the current NARA declassification staff will be required to examine individual withdrawn classified documents to determine their relevance under the act and coordinate their declassification with the appropriate agencies.

To meet these new needs, we are requesting funds to contract for help in accelerating the number of pages reviewed on a page-by-page basis. Also with these funds, we will replace our antiquated and increasingly unreliable automated system for safeguarding information about our classified records holdings, and for processing FOIA and mandatory review requests, with a system currently used by the State Department. And the funding will allow us to expand use in our Presidential libraries of the Remote Archives Capture project, developed by the Central Intelligence Agency, which we have successfully used this past year to reduce the overall expense of declassification. Moreover, our request includes funds to enable the Information Security Oversight Office (ISOO), which NARA administers, to fulfill critical functions under

Executive Orders on classified national security information and on the National Industrial Security Program. (Strategic Plan, Goal 2, Target 2.4)

Build the Federal Register's Electronic Editing and Publishing Program for Public Access (\$527,000)

NARA publishes the *Federal Register*, the *Code of Federal Regulations*, and related publications that provide information essential for business, legal work, and the operation of Government on a daily basis. We are requesting FY 2000 funds to support our ongoing search for ways to move documents through the Federal Register system more efficiently, and to aid our work on defining requirements for an electronic system covering all phases of preparing Federal Register publications for issuance. These efforts will enhance access to Government information and improve government efficiency by permitting agencies to submit documents for publication electronically, streamlining the production process, supporting more frequent updating of the *Code of Federal Regulations*, and establishing a single access point for anyone seeking the current status of Federal requirements. (Strategic Plan, Goal 2, Target 2.6)

Improve Reference Services for Veterans' Records (\$1,790,000)

At the National Military Personnel Records Center in St. Louis, NARA receives 1.5 million requests each year from veterans and their representatives for documentation of their military service. They need this information to claim entitlement to benefits including health care, home loan guaranties, education, employment, service-connected injury compensation, burial allowances, and assistance to homeless veterans, to name just a few. But backlogs ranging from 30,000 to 140,000 inquiries have meant lengthy delays—sometimes as long as sixteen weeks—in responding to veterans' needs. NARA has undertaken a radical business re-engineering project to redesign the reference processes in St. Louis to ensure that veterans and their families have ready access to these vital records. In FY 1999, we will be testing the redesigned processes through team-based pilot projects. We are requesting funding to implement the human resource initiatives and information technology applications needed to improve our services to veterans. (Strategic Plan, Goal 2, Target 2.1)

Upgrade NARANet to Support NARA's Staff and Customer Communications (\$3,161,000)

Every month our Internet server records more than 4.6 million hits by customers requesting or accessing information about NARA and its record holdings, nearly double from a year ago. And every day our employees maintain electronic communication with our customers and with each other across NARA's facilities nationwide. All this is made possible by the automated information system we call NARANet. NARANet is a wide-area-network that connects the entire agency and connects the agency to the public and Federal agencies via the Internet. It enables NARA to create, maintain, retrieve, analyze, and share agency information and provides the internal network backbone needed to support all NARA electronic access initiatives, including our Electronic Access Project and our web site. NARANet now enables citizens who cannot visit our sites to do research and request needed information; it allows Federal agencies to get quick access to records management information and help; it allows

citizens, such as veterans, access to information to help document their rights; it allows researchers visiting one of our locations to find related information at our other locations; and it allows staff nationwide to communicate efficiently to meet customer needs. Within the next several years, NARANet will support our electronic records initiatives, including accessioning and preserving permanent electronic records and providing on-line access to those records. It also will support a system to facilitate our records scheduling processes with agencies, including allowing their schedules to be submitted to us electronically.

With the FY 2000 funds requested, we will begin the cyclical replacement of workstations, network operating systems, software upgrades, and network servers, routers, and supporting software. We will make significant enhancements to our Internet servers and replace most of our NARANet telecommunications infrastructure. Furthermore, because none of our field facilities has any technical staff to support NARANet, we need to provide training and technical support services. The requested funds will enable us to bring NARANet to the effectiveness level required for dependable support of customer access and internal operations. (Strategic Plan, Goals 1 and 2, Targets 1.1, 1.2, 2.2, and 2.3)

IX. Next Steps to Meet Storage and Preservation Needs of Growing Quantities of Records (some from the Operating Expense Account and some for Repairs and Restoration)

For FY 2000, NARA requests an increase of \$14,610,000 and 27 FTE (15 temporary) for ensuring the survival of records in jeopardy and preparing for renovation of the original National Archives Building in Washington.

One of the four major goals in NARA's strategic plan is to ensure that "*all records will be preserved in appropriate space for use as long as needed.*" Much work will be needed to achieve that goal because many of our facilities are nearly out of space, many of our records are in space inappropriate for their long-term preservation, and many records need special preservation attention. While we are preparing to lease cold storage space for our most at-risk records, have undertaken a nationwide space planning study, and have started the basic design work to re-encase the Charters of Freedom and renovate the National Archives Building, these initial steps are dwarfed by our critical needs in this area. We request funding increases in FY 2000 for five needs that we have identified as most pressing:

Audiovisual Records (from the Operating Expense Account: \$2,642,000)

Almost half of the 240,000 motion pictures in NARA's holdings, 70 percent of NARA's 16 million aerial film records, and 36 percent of NARA's seven million acetate still photographs are now a half-century old and nearing the end of their predicted life. Half of NARA's 250,000 audio records and nine percent of NARA's 42,000 video records are on obsolete formats. These numbers are expected to grow as NARA accessions more acetate based and obsolete media records and our collections continue to age. All such material will become unusable by the public if NARA does not house it in a more stable environment and convert it from deteriorating and obsolete formats into preservation copies that researchers can view and hear on today's audiovisual equipment.

Our FY 2000 request will enable us to add staff and hire contractors for special work to save more records by rehousing them in archival-quality protective containers among other actions to maintain holdings. And the funding will enable us to accelerate preservation copying. By duplicating acetate films on longer lasting film stocks, and by duplicating or reformatting audio and video recordings created in formats for which play-back equipment no longer exists, we will preserve the nation's audiovisual treasures and make them available for public use. Strategic Plan, Goal 3, Target 3.2)

Veterans' Records (from the Operating Expense Account: \$975,000)

Because veterans' records have such great value, the majority will be accessioned permanently into NARA's holdings. Unfortunately, the facility currently housing these records does not meet even the most permissive storage standards for permanently valuable records. Recommendations for its replacement will come from the overall space study that NARA currently is undertaking. But vital records are in peril in the meantime and require preservation attention. To ensure continuing access to these records, a comprehensive preservation program needs to be initiated immediately. Records are disintegrating because of poor paper quality, and frequent handling in reference use. Some are cracking at their folds and falling apart from the effects of cheap, acidic paper.

NARA will use funds requested for FY 2000 to set up a preservation program with professional conservation staff capable of planning and providing appropriate housing, special treatment, and in some cases reformatting for these critical, high-use holdings. NARA's current budget does not include any funds for the preservation of this vast quantity of records which need immediate attention, and which the nation's veterans must rely upon, now and in the future. (Strategic Plan, Goal 3, Target 3.2)

Renovation of the National Archives Building (\$8,5468,000 from the Repairs and Restoration Fund and \$1,925,000 from Operating Expenses)

The National Archives Building is showing the effects of more than 60 years of use. Deficiencies in the building's electrical distribution systems, heating-ventilation-air-conditioning (HVAC) components, plumbing and restrooms, elevators, and other systems have become severe. Repair and replacement of systems is needed now to extend the life of the building and protect the records within it. We must improve control of temperature and humidity, and we need to provide filtered air flow to the 40 per cent of our records storage areas that do not now have it. Also we must meet current code requirements for public accessibility within the building, which currently does not comply with the Americans with Disabilities Act Accessibility Guidelines or the Uniform Federal Accessibility Standards, and cannot comply without extensive renovations.

In March 1997, NARA delivered to the appropriation committees and OMB an architectural and engineering requirements study for the renovation of the National Archives Building. Subsequently, NARA officials discussed with OMB details and estimated costs of a renovation plan that represented a modification of that proposed in the study. These discussions

led to the conclusion that NARA should advance to the next phase of planning by completing the programming for the approved renovation plan, beginning the concept design phase for the renovation, and acquiring construction quality management services to assist in overseeing the design effort and to provide move-project oversight. Our FY 1999 budget includes \$2,000,000 to carry out this effort. The plan for the renovation includes repair or replacement of basic building systems that will ensure the continued viability of the National Archives Building, address life safety and fire code issues, improve the storage conditions for archival records, improve public areas of the building to ensure that they comply with the Americans with Disabilities Act Accessibility Guidelines, and develop a new, secure, and accessible display system within the Rotunda that is compatible with the Charters' new encasements and will enhance the public's access to these cherished documents.

In FY 2000 NARA seeks additional funds in the Repairs and Restoration appropriation to complete the renovation design, fully fund the construction quality management services for the project, and initiate three smaller construction projects that need to be completed before award of the full renovation construction contract planned for FY 2001. The three construction projects include hazardous material abatement in mechanical rooms and pipe chases, demolition of shelving and steel decking in tiers one through six, and construction of office space in part of the currently inaccessible moat area on the Pennsylvania Avenue side of the National Archives Building. This space will serve as "swing space" for staff during the renovation and eventual replacement offices for staff who will be permanently displaced from office areas that have over the years been created from former records storage areas. These "stack" offices will be reconverted to store archival records.

As we develop the renovation concept design, we must prepare to move records so that renovation can be carried out. We will need to move approximately 210,000 cubic feet of records (out of approximately 900,000) currently in the National Archives Building to Archives II in College Park, Maryland, and, temporarily, 35 to 45 NARA staff members now stationed downtown, along with their files, supplies and equipment. Another 300,000 cubic feet of records will need to be moved and consolidated *within* the National Archives Building to make room for work in various areas. So that records can be moved without physical harm, we must purchase boxes, folders, and Mylar sleeves for rehousing records to make them move-ready. Funds requested for FY 2000 will make these moves possible in a way that ensures the safety of valuable records. (Strategic Plan, Goal 3, Target 3.1)

Planning for Regional Archival Facility Improvements (from the Repairs and Restoration Fund: \$500,000)

NARA is requesting \$500,000 in the Repairs and Restoration fund in FY 2000 to begin planning to develop alternatives for the existing inadequate regional archival facilities. Our regional archival facilities are out of space. And we are having to store many of our archival records—records meriting long-term preservation—in space where they are at risk because of inadequate environmental controls. Also, our public research facilities are inadequate and antiquated. And our staff has insufficient space to carry out necessary tasks. FY 2000 funding will provide for architectural and engineering support to develop specifications for the

modification of existing NARA facilities, or to develop the requirements for alternative facilities. Development of architectural and engineering specifications in FY 2000 will enable NARA to take timely action to initiate in FY 2001 a multi-year effort to retrofit or acquire environmentally controlled space for the storage of archival records and to provide adequate public research facilities. (Strategic Plan, Goal 3, Target 3.1)

X. Other Special Programs

National Archives and Records Administration Grant Funds (from the NHPRC Account)

Finally, one of the major increases provided by the Congress last year was \$4,000,000 to be granted by the National Historical Publications and Records Commission to the Center for Jewish History. The NHPRC staff is working with the prospective grantees on a plan for its effective use, an example of our efforts to make the most prudent use of appropriated funds. In addition, the Congress appropriated \$6,000,000 for NHPRC's competitive grant program, which is the level at which we seek funding for FY 2000. Continuation at this level is critical for enabling historical editors to maintain progress in publishing editions of the papers of the Founding Fathers, and for enabling archivists and records managers to save and provide care for other records of historical value across the country. (Strategic Plan, Goal 2, Target 2.8)

NARA's Y2K Project Progress

NARA continues to make good progress in our Year 2000 program to ensure that no material impact to important business operations will result from date-related failures. Cost effective approaches are used to correct date calculation software and storage formats in our computer systems. NARA's Year 2000 project plan focuses on systems that support mission-critical and other important business operations. Under an inter-agency agreement with the Department of Transportation's TASC Service Bureau, SAIC provides NARA with Y2K project management, independent validation and verification (IV&V), and contingency planning guidance. To date, 13 of NARA's 22 mission-critical systems have achieved Y2K compliance.

NARA's computer system that supports accessioning of Federal agency electronic records was recently renovated to Y2K compliance. NARA's wide area computer network system is undergoing extensive renovations that includes the replacement of 1,500 workstations nationwide. NARA systems that support other Federal agency records management programs were renovated to Y2K compliance under a transfer agreement with the Veteran's Administration Data Center. Y2K renovations of the records management systems at the Bush and Ford Presidential Libraries are scheduled for completion in March 1999. Security and environmental control systems are undergoing Y2K renovations at the Presidential Libraries and Regional Archive facilities. Five telephone systems at NARA offices nationwide are undergoing renovation. Certification is pending from the GPO concerning the compliance of its systems and data that are associated with the Federal Register publications and operations. Following renovation and testing, all mission-critical systems undergo a NARA Y2K Certification approval process.

NARA is planning a "Day One" strategy to ensure that all business functions operate

effectively on January 1, 2000. Also while taking all necessary steps to renovate systems, we are developing business continuity and contingency plans to ensure that mission-critical and other important applications continue to function as expected.

XI. Conclusion

With your help, we are replacing the protective casings of America's Charters of Freedom to keep them safe and still enable millions of future Americans in the new century to see them, as millions have in our century. But we are also dedicated to the accessible preservation of all the other government records entrusted to our care—records on which millions of naturalized Americans depend to verify their citizenship; records on which millions of military veterans depend to document their entitlement to benefits; records that survivors of the Holocaust are scrutinizing right now to trace assets looted by the Nazis; records that all kinds of scholars study to assess objectively what we have done as a nation, and what we can learn from our national experience both successful and painful.

Without such records, how can Americans document their rights, their entitlements, their identities? How can citizens inspect what government officials have done and hold them accountable? And how can the children in our schools depend on the textbooks they read for accurate history rather than manipulated hearsay? As we prepare to re-enshrine democracy's documents, let us also recognize the importance of documents to democracy.

Thank you very much.

Y2K COMPLIANCE

Mr. KOLBE. Thank you very much, Governor.

I will begin the questioning; as usual, we will do rounds here to try to limit them to five minutes apiece. Just one quick question on Y2K. I notice your testimony, your submitted testimony, says that 13 of your 22 mission-critical systems have achieved Y2K compliance. Are you on track with the rest of those?

Mr. CARLIN. Yes. In fact, the 13 was at the time we submitted that. By the end of March, 31st of this month, we believe we will be down to 6 remaining of the 22. We think one will be like days, almost days, after March 31st. So we really are just talking about five. Two or three of those will be within the next month or two. The last one is scheduled in August.

Our delay, quite frankly, is as much tied to, as a small agency, keeping contractors working for us. Our projects are small compared to bigger agencies, but we feel very comfortable come August we will be in good shape.

I would also say to you that we are focusing our contingency efforts on the ones that remain as well as the most critical of the critical mission systems that we have.

Mr. KOLBE. Okay. So you have tested? The ones that you say are compliant have been certified?

Mr. CARLIN. Yes.

RENOVATION OF ARCHIVES I

Mr. KOLBE. Let me go to the plan for the renovation. We gave you \$2 million for a conceptual design——

Mr. CARLIN. Correct.

Mr. KOLBE [continuing]. In the current budget year that we are in right now. Has that been completed?

Mr. CARLIN. No, not totally. We are in the process of using those dollars to proceed towards——

Mr. KOLBE. Can you give us some description of where we are and what the concept is going to look like, where you think, we are headed with that?

Mr. CARLIN. The design at this point would focus on major renovation of all of our mechanical systems, ADA compliance, bringing access in on Constitution Avenue, which not only addresses the ADA compliance but as well provides additional security because we will be able to focus almost all of the public access to Constitution Avenue. Whereas, today it is mixed on both sides and you have the public intermingled with staff, which creates additional security pressures. The design also includes the full renovation of the Rotunda, the beds of security that will take the encasements that we are talking about here for the Charters of Freedom, and obviously reconfigured exhibit halls. We will be moving some of the office space.

For example, with the money we are requesting this year, the \$8 and a half million that is in this year's budget for 2000, two major things will take place to start that project. One would be to build over the north moat on the Pennsylvania Avenue side additional office space, which will allow us what we call "swing space" to start the process combined with records that we will move out to Ar-

chives II so that the process can begin in earnest in Fiscal Year 2000 as well.

Mr. KOLBE. Okay. So you have got a request for \$8.5 million this year. That is not just for design, then?

Mr. CARLIN. No.

Mr. KOLBE. some of that is actual—

Mr. CARLIN. No. That is the complete, full design and will start the process of doing pre-full construction work of building the swing space so you can actually maneuver within the building.

Mr. KOLBE. Yes. Right.

Mr. CARLIN. And then we have some early work that can be done in taking out some of the tiers of the lower six floors.

Mr. KOLBE. what is the—

Mr. CARLIN. Construction is let in 2001.

Mr. KOLBE. What is the total estimated cost of the renovation project?

Mr. CARLIN. We are talking about \$94 million,—

Mr. KOLBE. That is a hefty renovation.

Mr. CARLIN [continuing]. Which includes the dollars. I mean, that is the—

Mr. KOLBE. That is the eight and two. So it includes the ten that we are—

Mr. CARLIN. You are correct.

Mr. KOLBE. So you are saying that roughly next year, we would expect to see about \$84 million in the budget request?

Mr. CARLIN. Yes and no. I mean, the eight and a half would be carried over. So in terms of an above what you—

Mr. KOLBE. Well, you said \$94 million. .

Mr. CARLIN. Correct.

Mr. KOLBE. And you have got two. And if you get eight this year, that is roughly ten million. So there is \$84 million left.

Mr. CARLIN. Right.

Mr. KOLBE. You expect all of that to be in next year's budget request?

Mr. CARLIN. Yes, but the addition you would see would be closer to \$70 million. I mean, it is just a matter of carrying forward—it depends on how you want to look at it.

Mr. KOLBE. That is not \$94 million. \$70 million plus \$8.5 million plus \$2 million.

Mr. CARLIN. Multiply the eight and a half twice. See? I mean, I am just talking in terms of what you will see as an increase for next year. Yes, it will be—

Mr. KOLBE. Eight twice. You mean, it is not going to be until the 2002 budget? You are going to have another \$8 million in 2001?

Mr. CARLIN. Yes, plus the \$70 million, the \$84 million you are talking about.

Mr. KOLBE. Okay.

Mr. CARLIN. I am just saying when you look at it next year, the increase you will see will be the \$70 million because for one more year, we will carry forward the 8 and a half to the base.

Mr. KOLBE. Okay. All right. Yes.

Mr. CARLIN. It still comes out to \$94 million any way you—

Mr. KOLBE. It still comes out to \$94 million.

Mr. CARLIN [continuing]. Add the numbers up.

Mr. KOLBE. That is the number I was trying to get to. And what is the schedule for completing it?

Mr. CARLIN. We hope to let the contract in February of 2001, actually close down the building to the public after the Fourth of July of 2001, and be completed 2 years later, 2003, probably we think taking maybe into October by the time we have actually moved in and exhibits are ready for the public.

Mr. KOLBE. So the building would be closed to the public for over two years?

Mr. CARLIN. For two years, yes. For the Rotunda part, yes.

Mr. KOLBE. Well, okay. But the part that the general tourist would see is closed to the public for that time?

Mr. CARLIN. Correct.

Mr. KOLBE. Right. The rest of the building remains open for people who are accessing the archives?

Mr. CARLIN. Right. The work in the building will continue. We will move about 35 or 40 staff out to Archives II temporarily, and about 200,000 cubic feet of records. And then we will literally within the building move around as the renovation takes place.

Mr. KOLBE. Thank you. I will have some additional questions.

Mr. Price.

NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

Mr. PRICE. Thank you, Mr. Chairman.

Governor, I would like to start briefly with the last item you mentioned in your testimony; that is the \$6 million request for the National Historical Publications and Records Commission. I am pleased to see you seeking funding at that level.

It is a program I have a personal interest in and I appreciate the support that Chairman Kolbe and the Subcommittee have provided to get a higher level of funding over the last few years.

The dollar amount is small, relatively speaking. But the increase we have seen since Fiscal Year 1997 is substantial percentage-wise. And these dollars have an exponential effect, of course, because they leverage private sector support. So I appreciate your ongoing efforts to strengthen NHPRC.

REIMBURSABLE RECORDS CENTER REVOLVING FUND

I would like to focus in the few minutes I have on the expansion of the reimbursable program that you have proposed in the Fiscal 2000 budget request. As I understand it, you are now reimbursed about 30 percent of the cost of running your record service centers. And you are seeking to make these services fully reimbursable via a revolving fund. I would like to make sure I understand exactly how that would work.

Is it accurate that you are paying rent to GSA to store records that you are housing for other agencies who, in turn, do not have to pay you for the full cost of that service?

Mr. CARLIN. That is correct.

Mr. PRICE. That is the way it works out?

Mr. CARLIN. That is the way it works today for the 70 percent. Now, the 30 percent is reimbursable.

Mr. PRICE. Is reimbursable. So if we provide the \$22 million initial capitalization cost that you have requested, will that be a one-

time appropriation or are you going to need additional funds on a continuing basis to fully finance this fund?

Mr. CARLIN. That will be a one-time appropriation for the revolving fund.

Mr. PRICE. Twenty-two million. That will set it up, then, so—

Mr. CARLIN. That is correct.

Mr. PRICE [continuing]. You can operate on a fully reimbursable basis?

Mr. CARLIN. Correct.

Mr. PRICE. Over the long run, then, the fund would let you decrease your budget request, and it would also increase costs for other agencies incrementally. Is that true?

Mr. CARLIN. Yes. And the OMB has provided resources to agencies to reimburse us so that a shifting of those dollars—

Mr. PRICE. Overall no change but a shift in who is paying the—

Mr. CARLIN. Yes, correct.

Mr. PRICE [continuing]. Which agency's budget is affected. Just administratively, are you proposing any kind of reimbursement threshold, any kind of minimal amount so that you would not have to track services provided to agencies that have only small or minimal use of your records storage services? Or would everyone be billed, even for very minimal usage?

Mr. CARLIN. Everyone we bill, but we do have minimum services.

Ms. THOMAS. We did decide that for those who had a bill less than \$10,000, that it was not going to make sense to charge them.

Mr. PRICE. I see. Is there a fair number of agencies in that category?

Ms. THOMAS. I think there were somewhere around 10 or 15 small commission-type agencies that were involved.

Mr. PRICE. I see. But beyond that threshold—what is the threshold?

Ms. THOMAS. Ten thousand dollars.

Mr. PRICE. Ten thousand dollars?

Ms. THOMAS. Annually.

Mr. PRICE. Beyond that threshold, these costs would be fully reimbursable?

Ms. THOMAS. Correct.

Mr. PRICE. All right. That is all I have for now, Mr. Chairman. Thank you.

Mr. KOLBE. Thank you very much.

Let me just follow up on that since it is an area that I was going to get to anyhow here. Right now, the 30 percent, as I understand it, it is not 30 percent evenly across agencies.

Mr. CARLIN. Correct.

Mr. KOLBE. It is some agencies are paying 30 percent. Is that correct?

Mr. CARLIN. That is correct.

Mr. KOLBE. I mean, are paying in full.

Mr. CARLIN. That is correct, IRS being the largest.

Mr. KOLBE. How did you snooker some agencies into paying and nobody else is paying?

Mr. CARLIN. That came about because—and IRS is the best example—of volume from both quantity of records as well as ref-

erence services required. Their demand for retrieval of records was so high it was impossible for us under our budget to provide them service. And so some 30 years ago or more it was established that in the case of the IRS, they would pay us——

Mr. KOLBE. What other agencies now pay you the reimbursable amount?

Mr. CARLIN. Social Security.

Ms. THOMAS. And then we have occasional projects not on a consistent basis, the Defense Department and other agencies who have specific projects——

Mr. CARLIN. A large ramp-up of heavy work in a short period of time.

Mr. KOLBE. Now, you just mentioned something that is important. You talk about IRS having frequent retrieval of records.

Mr. CARLIN. Yes.

Mr. KOLBE. They are ones that I would guess would have some of the most continuous retrieval——

Mr. CARLIN. Correct.

Mr. KOLBE [continuing]. And most heavily used. Will your costs that you charge depend on the agency and the amount of retrieval or is it just going to be based on a square footage basis or a cubic foot of volume that you are storing?

Mr. CARLIN. There is a fee for the storage and a fee for services.

Mr. KOLBE. For services.

Mr. CARLIN. But it is uniform, is it not?

Ms. THOMAS. Yes.

Mr. CARLIN. Well, you have got a——

Ms. THOMAS. There is a uniform fee for storage depending on how many records you are going——

Mr. KOLBE. Based on volume.

Ms. THOMAS. But your fee for reference services depends on the volume of activity. So IRS is obviously——

Mr. KOLBE. And that would be negotiated agency by agency?

Ms. THOMAS. Yes, yes.

Mr. BELLARDO. Then if there are special requests for services beyond that level, there would be additional charges.

Mr. KOLBE. Okay. But it is negotiated in advance. So it is not the kind of thing where you go down to Kinko's and you pay each time you get it?

Ms. THOMAS. No.

Mr. KOLBE. Are you satisfied that the agencies have put in the amount they need for this in their budgets this year?

Mr. CARLIN. As far as we know, we think so. We shared very early our estimates. And we are sticking with those estimates.

Mr. KOLBE. Have you had any resistance from agencies?

Mr. CARLIN. There have been questions, obviously. You go from having free service to having to pay. But we have been dialoging with the agencies now for over a year on this issue.

We have dealt with an agency, for example, the last two years that prior to reimbursable becoming a reality thought about going elsewhere knowing that at some point they were going to have to pay regardless. And it chose to come back to us, realizing that we can provide and would continue to provide the kind of service they need for a cost that they felt was fair and reasonable.

Mr. BELLARDO. Two agencies, one the VA has their own records center now. And one of the things that they are discussing among themselves is as to whether or not they want to pull some of their records from our centers and add to that record center. They have not really decided. They may, in fact, want to stay where they are.

The Administrative Office of the U.S. Courts, of course, has also expressed some concerns, but that is the only one.

Mr. KOLBE. We have had a problem in this Subcommittee in the past in another area, and that is with subcommittees, other appropriation subcommittees, not including the funds for agencies for GSA rent. The government will just save off a little money here, cut this out, and let this Subcommittee, the Treasury, Postal Subcommittee, worry about eating the costs of that by not reimbursing GSA.

I think it is important for us that you stay on top of this thing and alert us if we are running into that problem. And I either have to deal with it with other subcommittees or we have to figure out a way to take a pretty hard-nosed attitude towards these agencies so they do not start getting away with that.

Down at your library, if you do not pay your fines, you do not get any books out of the library. Maybe that is what we are going to have to do. Sorry. No access to your archives until you start paying your fees here.

I am concerned that, maybe not this first year, other Subcommittees, will quickly figure out that this is a cost that we can just drop off. We will not put this money in Agency X's budget because it will just save us a little bit.

So far you are saying you have not run into that problem. Agencies are putting it into their budgets.

Mr. CARLIN. That is our understanding. OMB made it very clear over a year ago what was coming. They made it very clear in the passbooks last fall. In the budget that the President has submitted, there is a line item set out by the President's recommendation for individual agencies to pay this cost based on the numbers that we provide them.

I can assure you, Mr. Chairman, we will work very closely with you. It is obviously in our interest that this work and work the way it is intended. And we will keep you advised of any information we pick up that would tend to indicate that the problem you suggest might happen could possibly be taking place.

Mr. KOLBE. I have some more questions in other areas, but before I go to our distinguished ranking member here, let me just ask you one more in this area. How did you come up with the \$22 million for the revolving fund? How did you develop that figure?

Mr. CARLIN. That figure was developed in work with OMB in pulling together the information from other revolving funds that have been established to determine what we would need as far as equipment as well as just operating capital. We feel it is an appropriate number that we will do the job.

Mr. KOLBE. Are you satisfied that it is going to be the amount that is going to do it?

Mr. CARLIN. Yes. Now, obviously if history shows we have asked for more than necessary, those dollars over a period of time can be

returned to the Treasury. And, as indicated in an earlier question, this was a one-time request.

Mr. KOLBE. Okay. Mr. Hoyer, and welcome.

CHARTERS OF FREEDOM ENCASEMENTS

Mr. HOYER. So good to be here. Governor, I thank you for being here and congratulate you on your leadership. I think you are getting through some good times and getting the archives on a very stable status.

Let me ask you a quick question. I apologize for not being here. I do not know whether he was governor when you were governor. Governor Roy Romer was here visiting with us this morning.

Mr. CARLIN. I would point out to you, sir, that Roy is a Kansan by birth. And so he—

Mr. KOLBE. Is that an advantage being a Kansan by birth? [Laughter.]

Mr. CARLIN. We might differ on that, sir.

Mr. HOYER. Well, those of us who were born in New York have our conferees all over the country. You can hardly go anyplace. You know, I just happen to be born in New York, but Kansas is a great place.

Back to my questions, the encasement demonstration. Can you describe the encasement model to us and explain what new technologies are involved in its design?

Mr. CARLIN. I have Rick Judson, who is our Project Manager, with me this morning. And I am not going to pretend that I am going to describe titanium use here to you. Rick, would you help me out for the congressman?

Mr. JUDSON. Good morning.

Mr. KOLBE. Good morning.

Mr. JUDSON. I appreciate the opportunity to describe the design of our new encasement. First let me start with describing the current encasement so you can have a better appreciation for the changes that we have incorporated here.

The current encasement is made up of three pieces of glass that are held together with a soldered seal around the edge that is effectively sealing the outer piece of the glass. The problem with that type of arrangement is that seal is subject to damage if it is moved around a lot or if it goes through temperature variations.

What we have done with this new encasement is we have tried to incorporate all the latest in technology working with the National Institutes of Standards and Technology and also with NASA.

This new design is basically a titanium frame. We are going to use a laminated, tempered glass. The document will not be in contact with the glass. That is one of the problems that we have with the current encasement. The glass that is in contact with the document is starting to show signs of deterioration. So this new design will eliminate that problem, hopefully forever.

The base is made up of aluminum for this model. We are considering making that titanium also. The concern about it is with good titanium, you add a little additional weight to the encasement.

Like I said, the current encasements are made up and rely on a lead, soldered seal around the edges. This does not require that type of seal mechanism. We have gone to, in effect, two different

types of seal mechanisms. One is an O-ring gasket, which I think you can probably see around the edge here. Basically that is our primary seal mechanism for this encasement.

Rather than just rely on a single means of sealing this encasement, we are also relying on a diffusion path across this surface right here. And that is basically a highly polished nickel-plated surface on our base. And the idea is that the glass when it is in contact with that highly polished surface will create a diffusion to have to eliminate any leakage of the gas that was put into the encasement.

Also, we are incorporating new technology as far as being able to monitor the condition inside the encasement. The current encasements have helium gas. And helium is easy to leak out. It diffuses out easily. We are going with argon in these new encasements. It is another inert gas.

Rather than rely on just a single leak detector in these encasements, we are putting in valves to be able to fill and purge this encasement. We are going to have a pressure sensor so that we can determine if there is any leakage.

And also we are incorporating either sapphire or diamond windows at opposite ends of the encasement so we can utilize laser spectroscopy to analyze the gas within the encasement to see if there are any impurities in the gas.

Mr. HOYER. How many of these will you have?

Mr. JUDSON. We are going to make one for each of the seven documents. Plus, we are making two spare ones in case one develops a leak.

The other improvement we are making is the platform. Once the document is placed on the platform, it is designed so that it can be moved from encasement to encasement without touching the document or without removing the document from the platform. The document will stay on the platform. And you just handle the platform. You never touch the document.

Mr. KOLBE. You mentioned O-rings. Of course, it makes me think of the Challenger.

O-rings are rubber. Are you concerned about them deteriorating?

Mr. JUDSON. We are not using a rubber gasket in this model. Right now we are looking at various forms of metal, stainless steel. We are looking at—

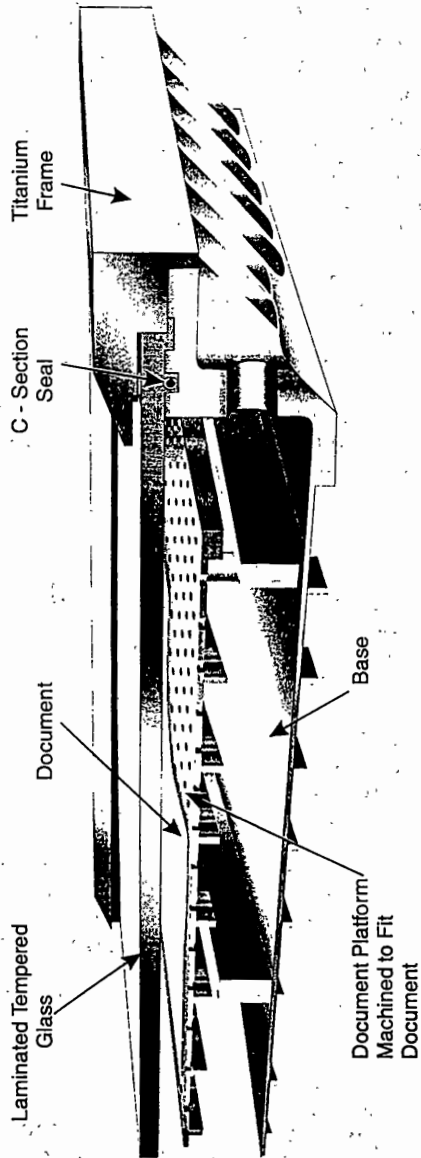
Mr. KOLBE. For a gasket?

Mr. JUDSON. Yes.

Mr. KOLBE. An O-ring gasket?

Mr. JUDSON. Yes. It is actually a C-section. This is a little diagram perhaps.

[The Chart follows:]



Mr. JUDSON. The C-section basically gives a little spring to the gasket. One of the new materials that we are looking at is inconel, which is also a metal that has some spring to it.

We are going to be coating the gaskets with a gold coating. The idea of the gold coating is to deal with any microscopic irregularities. The bottom surface of that gasket screw will be filled in by the softer metal of the gold coating.

Mr. BELLARDO. You might want to mention in terms of the difference the ability to go in and to reuse or whatever compared to aluminum.

Mr. JUDSON. Right. The current encasements really were not designed to be opened. Really, they were just sealed. And any repairs that had to be made we would have to go in there and solder again, which is kind of chancy when you are soldering, applying heat near the document.

This design, we are relying on a bolted cover. We are also designing this so that to the maximum extent possible, you assemble this before you place the document in it. And then once the document is placed in there with this platform and latched, then you just place the cover over top, bolt it in place, and then start filling it with argon.

The current encasements, what they did is they laid a piece of glass down and put the paper down. They put the documents down. They put another piece of glass down. They put a lead frame around it, all of this now with the document in place. And then they put the final glass on and started soldering up the side. There was always a chance that with the heat they were applying, they might possibly cause some damage to the document.

Mr. HOYER. I take it that is one of the problems with the glass touching the document as well, that the glass transfers whatever the heat or cold is from the environment.

Mr. JUDSON. Well, the other concern is moisture inside of the encasement. The current encasements are about an inch thick. If you were to take that encasement, rush outside in the cold in an emergency, you would form condensation inside. If you formed condensation inside this, it would be down away from the document in the case if that were ever to happen.

Mr. HOYER. How much are we paying for these nine encasements?

Mr. JUDSON. Seven.

Mr. HOYER. Seven documents plus two.

Mr. JUDSON. I am sorry.

Mr. CARLIN. You appropriated for us \$4 million. We jump-started the process with \$800,000 from the Pew Foundation to do the initial research. The \$4 million will take us through this and the creation and the completion of the building of all of those documents and at this point to say absolutely where we are going to come out, I think we will have some of those dollars to move forward on the completion of the bed and the real outer encasement of the—

Mr. HOYER. The 9 will cost less than 4.8 million?

Mr. CARLIN. Yes.

Mr. HOYER. You had \$800,000 from the Pew—

Mr. CARLIN. Yes.

Mr. HOYER [continuing]. \$4 million from us.

Mr. CARLIN. Yes.

Mr. HOYER. Okay. So we are talking about in the neighborhood of \$400,000 a pop.

Mr. JUDSON. We have put a lot of effort into this because this is something that you just cannot buy off the shelf. I mean, this is—

Mr. HOYER. They happen to have it in my local framing store. I do not know where you go. [Laughter.]

Mr. JUDSON. There has been a lot of effort gone into this.

Mr. HOYER. When pictures are taken of me, I demand my—
[Laughter.]

Mr. HOYER [continuing]. Knowing full well that people thousands of years from now will want to say, "Well, what did he look like?"
[Laughter.]

Mr. HOYER. Ah, the ego of it all. I have got a lot of questions, but I will wait until the second round. That took a long time.

Mr. KOLBE. Thank you. That was very helpful. I had a line of questioning on that, but I think we have answered them all. Is the money that you have got going to be sufficient?

Mr. CARLIN. For this, yes.

Mr. KOLBE. For this project.

Mr. CARLIN. Yes. We are very confident of that.

RECORDS CLASSIFICATION/DECLASSIFICATION

Mr. KOLBE. Okay. Let me ask you a couple of questions about declassification of records. Are you going to be able to meet the targets set out in the Executive Order 12958 for declassification?

Mr. CARLIN. It will be a real push. But with the resources that are a part of this budget, we will come very close. It is difficult to say with real total confidence because we are now down to page-by-page review—

Mr. KOLBE. That is a result of the so-called Kyle amendment?

Mr. CARLIN. Yes.

Mr. KOLBE. Was that added on—

Mr. CARLIN. You are going to get some page-by-page regardless.

Mr. KOLBE. Right.

Mr. CARLIN. But the Kyle amendment has added additional—

Mr. KOLBE. Page-by-page for everything?

Mr. CARLIN. Correct and as well as the view from the Department of Energy that has added to this to make sure there are no possible records that are of concern to them that might be released from the—

Mr. KOLBE. Was this added into the appropriation bill?

Mr. CARLIN. Yes, I think that is correct.

Mr. KOLBE. Over in the Senate?

Mr. CARLIN. Defense authorization bill is where—

Mr. KOLBE. Oh, the defense authorization?

Mr. CARLIN [continuing]. It was put on.

Mr. KOLBE. Not in our appropriation?

Mr. CARLIN. No, no, certainly not on yours.

Mr. KOLBE. Yes. I had not been aware of this until recently.

What is your estimate of the cost associated with the compliance with the Kyle amendment?

Mr. CARLIN. For our cost?

Mr. KOLBE. Yes.

Mr. CARLIN. I do not know that we have——

Mr. KOLBE. Do you not have to bear the cost of that?

Mr. CARLIN. We bear a part of the——

Mr. KOLBE. Are you doing this page by page?

Mr. CARLIN. We bear a part of the cost in the sense that we have a lot of records that we have accessioned that are not declassified, some of which guidance has been provided by the agencies where we actually do the work. If they do not provide us guidance, then we have to work with and actually get the agencies to come in to do the work of declassification.

In some cases where you have multiple equities, you may have as many as six federal agencies that have to declassify the same single one page of records.

Mr. KOLBE. So what is the total amount for declassification in this budget requests?

Mr. CARLIN. The additional request is a little over \$6 million.

Mr. KOLBE. On top of what? Added to what are you spending now on declassification?

Ms. THOMAS. Three million.

Mr. CARLIN. It is about three million.

Mr. KOLBE. So you are tripling the amount?

Mr. CARLIN. Yes. The bulk of this would be contract work,——

Mr. KOLBE. All because of this——

Mr. CARLIN [continuing]. Contract work to accelerate and comply with the executive order. It would not be going into the base.

Mr. KOLBE. If you did not have that amendment, what would your additional request have been? Can you give me an estimate?

Mr. CARLIN. I think the request, quite frankly, is all tied to the amendment and the desire of the administration to complete——

Mr. KOLBE. Well, just so——

Mr. CARLIN. We would have needed——

Mr. KOLBE. You had to have the amendment. Accelerating would have required you to have some additional money.

Mr. CARLIN. Correct.

Mr. KOLBE. I was trying to separate the acceleration part from the added work of doing it page by page.

Mr. CARLIN. It is not all attributed to the amendment.

Mr. BELLARDO. Our part of it has to do with we are at a stage where we have been able to do the very large volume where it was possible to do sampling and that type of approach to the declassification.

We are getting into the tougher and tougher ones at this stage also. As John had mentioned, there would still be a great deal of page-by-page, even without——

Mr. CARLIN. The total universe, Mr. Chairman, for us is about 750 million pages, of which about 40 percent we are done with. Another 20 percent, there is some processing work left, about another 40 percent of which remains. It will be the challenge between now and the end of the executive order. So we are talking a lot of pages of reference.

NAZI WAR CRIMES ACT

Mr. KOLBE. Yes. One other question: Explain the provisions of the Nazi War Crimes Act that is having an impact on your declassification efforts.

Mr. CARLIN. Well, its focus obviously is for a narrow set of records out of legislation. Is it an executive order?

Mr. KOLBE. Legislation.

Mr. CARLIN. Legislation. There was no additional money for it, of course. But the burden it is placing on us, I chair officially technically, is the staff work we have had to take out of other work to provide assistance to agencies with their records to focus in specifically on this narrow set of records that the legislation focused on. And we are estimating about four FTEs that have pulled from other declassification work just for the focus of this particular commission.

Mr. KOLBE. Thank you.

Mr. Hoyer?

ST. LOUIS RECORDS CENTER BUSINESS PROCESS REENGINEERING PROJECT

Mr. HOYER. The St. Louis Records Center.

Mr. CARLIN. Yes.

Mr. HOYER. You and I have had discussions about that. We have \$1.8 million in this budget. I talked to Mr. Sanders about that. You will recall his great interest in the veterans.

Mr. CARLIN. Yes.

Mr. HOYER. Can you tell us where you are on that and what that would do?

Mr. CARLIN. We are on schedule with that project. We did the initial study work. The reinvention project started in Fiscal Year 1998. In this current fiscal year, we are doing a pilot project. We will start full implementation in the year 2000 with the \$1.8 million we have requested. We will need that \$1.8 million carried over a second time in Fiscal Year 2001 plus an additional \$800,000 or \$900,000 to complete the project.

And you put those numbers together. We come back to the six million approximately. I think it is going to be more like \$6.8 million that we worked with you on last fall with Mr. Sanders—when I say “last fall,” I’m saying late summer—as he was pushing to move this forward. It will be about \$6.8 million in total.

Mr. HOYER. They have \$1.8 million this year.

Mr. CARLIN. Correct.

Mr. HOYER. \$1.8 million next year.

Mr. CARLIN. Correct plus—

Mr. HOYER. That is \$3.6 million plus \$800,000.

Mr. CARLIN. Plus what we have robbed from our own bank and the lapsed money you have given us now for two years.

Mr. HOYER. So \$4.4 million plus another \$2.4 million you are taking out of your budget or \$1.4 million.

Mr. CARLIN. \$1.8 million twice, the \$800,000, and then a—

Mr. HOYER. That is \$3.6 million, \$800,000, \$4.4 million.

Mr. CARLIN. Right. And then we took \$200,000 or \$300,000 from our own base, which we used several times. And then you throw

in three lapsed monies, and you get about \$6.8 million. The last obviously is an estimate, but it has been running about \$350,000 or \$400,000.

Mr. HOYER. And when do you expect completion of the project, then, 2002?

Mr. CARLIN. We would complete the training and the equipment and the processes in place at the end of 2001. And then in 2002 and 2003, we would take and expand.

One of the benefits out of this is for us to link in to all of the other technology information systems; VA, for an example, the defense agencies, so that we can refer some of the requests for which we do not have the records. Linking into all of these systems will allow us to quickly check and find out that another agency has a record, and we can quickly pass that along.

Mr. HOYER. Mr. Sanders' question to the Chairman and myself would be: If we put in another \$2 or \$3 million this year, would that accelerate the project?

Mr. CARLIN. No. We can only——

Mr. HOYER. His concern, of course, is the veterans having to wait so long to get the information.

Mr. CARLIN. We share that concern with you and with Mr. Sanders. But you can only spend so much effectively in a certain period of time. And it would be very unwise for us to try to accelerate it beyond the schedule we have.

We think this is a fast, efficient schedule that will bring us the kind of results we want at the end of the time. We do not want to come at the end of the time and come back and say, "We have spent all of this money. And we rushed. And we wasted a lot of it. We are not there." We feel confident the schedule we have outlined is the one that will deliver the results that we all want.

Mr. HOYER. Okay. The Chairman is going to have to be confident that, even if you spent another \$2 or \$3 million, you could not do it more quickly with the confidence that you could get the job done.

Mr. CARLIN. Yes. Here is the major reason, Congressman, that that is——

Mr. KOLBE. That is where the money is actually going? Is it equipment? Is it personnel?

Mr. CARLIN. It is going for equipment, operating, the training of the staff, the two principal things.

Mr. KOLBE. You just can't accelerate.

Mr. CARLIN. But the other thing is that we have got to continue to provide as best we can service while this is taking place. If we try to train them all at one time, there would not be anybody working to provide service.

There are veterans that need service now that do not want to hear, "Well, in two years, rather than four, we are going to be fully efficient." They need the service now. And so we have got to phase it in, not just in terms of our capacity to manage and oversee the project efficiently.

We have got to phase it in so that we have some people that are still doing the current work while we start to train and then phase that training in over a 24-month period.

Mr. HOYER. Governor, thank you.

I do not know whether you have had the opportunity to do it yet. I have talked to Congressman Sanders after I talked to you and indicated that you would be contacting him because you really——

Mr. CARLIN. We have had staff contact, and we hope to have a direct meeting.

Mr. HOYER. It would be helpful if you could bring him up to date and he had a confidence level of this as well.

Mr. CARLIN. We will work very hard. We will work very hard to do that. And we certainly have more information to provide him this year than last August.

Mr. KOLBE. Can I just follow up with one thing?

Mr. HOYER. Sure.

Mr. KOLBE. What will you be able to tell them when this is completed will be the improvement in response time?

Mr. CARLIN. We are talking about days that are embarrassing today in terms of weeks and weeks that go into months. And we will be talking a few days. From a week to ten days is what we are going to be talking about.

Ms. THOMAS. And some less than that.

Mr. CARLIN. Yes. That will be like within a 24-hour period because we will be able to access. All of those where the information is actually with an agency electronically accessible today but because we are not geared up, we still do it by hand. Those are the kinds of requests we will turn around immediately.

Mr. KOLBE. Thank you.

ARCHIVES II SPACE

Mr. HOYER. Governor, you are going to be moving as a part of the restoration project about 210,000 cubic feet of records out to Archives II at College Park.

Mr. CARLIN. Correct.

Mr. HOYER. My question to you is: What is your current level of storage capacity at College Park? And when do you estimate you will run out of space?

Mr. CARLIN. Our best estimate at this point is that by the close of Fiscal Year 2007, we will be out of space. And we would have to have additional space starting in 2008.

Mr. HOYER. So you will want to start planning that when?

Mr. CARLIN. Two thousand four is when we think we would want to have planning money.

Mr. KOLBE. That is tight.

Mr. CARLIN. I mean, that would be the latest, but——

Mr. HOYER. Mr. Chairman, I do not know. Have you been out to the College Park facility?

Mr. KOLBE. We had plans to go, and I forget what it was that caused it to get cancelled.

Mr. CARLIN. We had a weather problem one time.

Mr. KOLBE. That is right. It was snow.

Mr. HOYER. I would love to go out there with you. The Archives facility in College Park is state of the art for the world. We have people all over the world come in to see the technology. It is not just storage but the technology they have there to preserve and protect historic documents.

It is really an extraordinary facility. But, you know, as we built it, it is a large building. It is very rapidly, even in a society where we think we are going to everything on a disk—you see the advertisement. I forget who has the advertisement now. It says that we are using a third more paper now than we used five years ago, even in this so-called paperless society so that we are going to have to be planted to assure that we have because you do not have any room here. As a matter of fact, we are going to lose some room down here as a result of ADA compliance and some of the other—

Mr. CARLIN. Correct, mechanical systems as well as—

Mr. HOYER. Mr. Chairman, though, I am not going to offer anything this year.

Mr. KOLBE. You know, it is very warm and dry weather in Tucson. That is where we store all of the—

[Laughter.]

Mr. KOLBE. We store all of the aircraft there. It is a very good place for Archives to be.

Mr. HOYER. Be nice. [Laughter.]

Mr. KOLBE. The governor is thinking things like—

Mr. HOYER. He will like it wherever we put him.

Mr. KOLBE. I may come on the next watch.

Mr. CARLIN. Correct. I would say to you, though, when that time comes because of the wisdom of an earlier time, it will be an efficient expansion because Archives II was built for expansion and—

Mr. HOYER. Tell it like it is, Governor.

Mr. CARLIN [continuing]. Makes a huge difference. [Laughter.]

Mr. HOYER. We are going. It is going to be daylight.

1930 CENSUS

The 1930 census, I guess you are requesting \$3 million to make that available to the public. Is that correct?

Mr. CARLIN. We need in Fiscal Year 2000 the microfilm. That is correct.

Mr. HOYER. When is the release date?

Mr. CARLIN. April the 1st, 2002.

Mr. HOYER. April the 1st?

Mr. CARLIN. Yes.

Mr. HOYER. Is there some significance to being released on April Fool's Day?

Mr. CARLIN. I do not know. That is by law the date.

Mr. HOYER. It is by law April 1st? Okay.

Mr. CARLIN. The law is 72 years—

Mr. HOYER. Oh? To the day?

Mr. CARLIN [continuing]. Later. And then April 1st was the day selected. And we also know from experience we had better be ready April the 1st because it is expected. And, as I indicated in my testimony, we have millions and millions of people across this country who take very seriously family history and will be anxious to access those records.

CLOSING REMARKS—MR. HOYER

Mr. HOYER. Governor, in closing,—and I appreciate the Chairman's tolerance in letting me having a little more time—let me say that when you took this job, there was a lot of controversy, a lot of controversy about the directors. I am not going to go into that history because I think some people in my own view, frankly, were not treated fairly. But, having said that, I think your appointment was somewhat controversial as well.

Mr. CARLIN. I think that would be a fair statement.

Mr. HOYER. Right. But since your appointment and since your administration, frankly, from our perspective—and I am looking at Pat and Michelle. The controversy has not certainly been on my doorstep. And so my assumption, therefore, is the community that is critically impacted by archives.

The archivists come in, the historians, the academic community, and others are pleased with your administration's stability you brought to that, focus you brought to making sure that this facility is what it is: the best in the world and one of the most important, the most important perhaps, in the world. And so I want to congratulate you on the job you have done.

Thank you, Mr. Chairman.

CLOSING REMARKS—MR. KOLBE

Mr. KOLBE. Thank you very much, Mr. Hoyer.

I would just echo my ranking member's comments that it is a pleasure working with you and your staff. You have been very forthright and forthcoming on all of the answers to the questions we have had. And I enjoyed working with you.

Thank you. We will have a few questions probably to submit for the record. But without objection, without any further questions, this Subcommittee stands adjourned.

[Questions submitted for the record and the National Archives and Records Administration's budget justifications follow:]

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Renovation of National Archives Building in Washington, D.C.

1. Question. In the fiscal year 1999, \$2,000,000 was provided for a concept design for the National Archives Building in Washington, DC. Has the conceptual design for the renovation been completed? If it has, would you please describe the concept for us.

Answer. The architect is currently verifying the program of requirements for the renovation and is scheduled to complete this effort in early April 1999, at which time concept design will begin. While the conceptual design is not scheduled to be completed until July 1999, our basic plan for the renovation includes repair or replacement of basic building systems that will ensure the continued viability of the National Archives Building, address life safety and fire code issues, improve the storage conditions for archival records, improve public areas of the building to ensure that they comply with the Americans with Disabilities Act Accessibility Guidelines, and develop a new, secure, and accessible display system within the Rotunda that is compatible with the Charters' new encasements and will enhance the public's access to these cherished documents.

Specifically, we propose new entrances beneath the Constitution Avenue grand stairs that would lead to a new visitors center and relocated textual and genealogical research rooms. The relocated research rooms would be enlarged to accommodate the many researchers who come to the National Archives for scholarly and family research. A combination of new escalators and/or elevators would provide access to the Rotunda lobby from the new entrances for the visitors who arrive to view the Charters of Freedom. The existing circular gallery exhibit area located behind the Rotunda wall would be converted into a new vault for the Charters, and replacement exhibit space would be provided in the space surrounding the new vault. Unfettered access to the Rotunda and the Charters of Freedom would be provided to ensure that all Americans are able to view the founding documents of our nation. Separate and distinct public and secure zones would be created to protect the archival records housed in the building. Improvements would be made to the mechanical, electrical, fire detection, fire suppression, and security systems to address building code issues and provide for their continued use and operation well into the next century.

2. Question. The fiscal year 2000 budget request includes \$8,568,000 for the renovation of the National Archives Building in Washington, DC. How will those funds be utilized?

Answer. These funds will be used to complete the renovation design, fully fund the construction quality management services for the project, and initiate two smaller projects that must be completed before the main renovation work begins in 2001. Those projects are:

- Demolition of shelving and steel decking in tiers one through six and

- Construction of new office space in the moat area on the Pennsylvania Avenue side of the building to provide "swing space" for staff during the renovation and eventual replacement offices for staff whose current offices are in stack areas that will be converted back into archival storage areas.

3. Question. What is the total estimated cost of the renovation project?

Answer. The total cost in appropriated funds for the renovation of the National Archives Building will be \$93,800,000. We also will continue to raise private funding for specific projects associated with the renovation, such as preservation of the murals in the Rotunda, building a permanent exhibit, and construction of a new theater on the Constitution Avenue side of the building.

4. Question. What is the current schedule for the project?

Answer. The two smaller projects will be completed by early 2001. The main renovation of the building will begin in July 2001 and will be completed in July 2003. Installation of new exhibits may require an additional 2 months before the new public area could be opened to the public.

5. Question. How much records space currently exists at the Washington facility? How much of that space will be permanently lost as a result of the renovations?

Answer. The capacity of the National Archives Building in Washington, DC, is currently 1,086,931 cubic feet. The renovations will feature a new visitors center, expanded research rooms for genealogical research, a new vault and secure approach to the Charters of Freedom, replacement exhibit spaces, unfettered access to the building to make it ADA-compliant, and modern building systems that address life safety and fire code issues. These improvements, however, will result in a loss of 20 percent, or about 217,386 cubic feet of storage capacity, leaving a capacity of approximately 869,545 cubic feet.

6. Question. When is Archives II currently projected to run out of records storage space? How much will that be shortened by the movement of records from the Archives I building?

Answer. We are planning to move 210,000 cubic feet of records from the National Archives Building to the National Archives at College Park for the renovation, of which a small portion will be returning to the National Archives Building after the renovation is complete. We estimate that the National Archives at College Park will reach its storage capacity by the close of fiscal year 2007, which is consistent with our previous projections.

7. Question. I believe that when the Charters of Freedom are placed in new encasements, they will no longer fit in the current space in the Rotunda. Is that correct? Is the overall renovation project being designed such that the renovation of the Rotunda to accept the newly encased Charters could proceed as an independent project? If so, what is the estimated cost of the work?

Answer. The new encasements for the Charters of Freedom are larger and deeper than the existing encasements and consequently cannot be accommodated within the existing display casework in the Rotunda or the existing vault located 22 feet below the Rotunda. In addition, the current display casework can only accommodate four of the six pages of the Charters of Freedom. The second and third pages of the United States Constitution are not displayed to the public because the original design of the Rotunda did not provide adequate space for their display. The new display casework will permit the display of all four pages of the Constitution as well as the Declaration of Independence and the Bill of Rights. Conservators also are concerned about the possible detrimental impact on the long-term preservation of the Charters resulting from the daily 22-foot vertical movement into the existing vault. The new vaults to be created behind the Rotunda wall will minimize movement of the Charters while providing the requisite security for these treasured documents.

The Rotunda project is not being designed independently from the overall renovation, which would be counterproductive to the project's goals. To provide equal access for all Americans to view the Charters, we must construct new entrances to the building below the Constitution Avenue grand stairs. The overall renovation project also provides critical improvements to the mechanical, electrical, fire detection, fire suppression, life safety, and security systems that are required to support the new encasements within the Rotunda. The new display casework within the Rotunda and the new vault to be located directly behind the Rotunda wall are an integral part of the building renovation. In addition, our ability to implement an enhanced security program that creates separate and distinct public and secure zones within the building is part of the overall project. To proceed only with the Rotunda renovation would not eliminate the growing need for the replacement or repair of essential building systems, and delay would result in much greater overall costs for the project.

Construction of New Encasements for Charters of Freedom

1. Question. In fiscal year 1999, \$4,000,000 was provided for the design and construction of new encasements for the Charters of Freedom. What is the status of that project?

Answer. We worked with the National Institute of Standards and Technology (NIST) to develop prototype encasements for the Charters. These new encasements are being tested at the NIST laboratories before we begin construction of the final cases.

2. Question. What will happen to the Charters when they are taken off display?

Answer. In July 2001, the Charters will be taken off display in the Rotunda and moved to NARA's conservation laboratories at the National Archives at College Park, where they will be removed from the now-deteriorating cases in which they were installed in 1951. NARA's conservators will remove the documents from their cases one at a time to analyze their condition and determine what conservation measures must be taken on each document before being installed in the new encasements. At this time we do not know what, if any, conservation measures will need to be taken on the documents and how long those measures will take, but we anticipate that the newly encased Charters will be redisplayed to the public when the Rotunda re-opens in 2003.

3. Question. How will the new encasements differ from the existing encasements?

Answer. The current encasements were built with the document in place. A glass sheet was laid flat on a bench, several sheets of pure cellulose paper were placed on the glass and the document was set on the paper. A sheet of glass was placed in direct contact with the document and the associated lead spacers and bronze brackets were placed around the documents. When the third and final sheet of glass was set in place, the perimeter of the encasement was soldered closed (the process had to be performed very carefully so that heat from the soldering operation did not damage the document). As the encasements were sealed, a leak detector was placed in the encasement since it was anticipated that, through handling or temperature changes, the helium gas in the encasements might eventually leak.

Our new encasements represent a completely different approach to encasing the documents. The materials used include modern, space-age products such as titanium for the frame, laminated tempered glass for the vision panel, and aircraft grade aluminum for the base. The design allows for the maximum amount of assembly before the document is placed inside the encasement base to avoid potential damage to the documents during assembly. Our method of sealing in the argon gas does not rely on the use of heat. Instead, an O-ring gasket provides the primary protection from potential leakage. In addition, a second mechanism for leak prevention is being provided in the form of a highly polished metal sealing surface that will form a natural seal with the glass. The original wheatstone bridge leak detector in the 1952 encasements has been superseded by the use of laser spectroscopy and infrared spectroscopy to not only detect leaks but also to be able to check for changes in the argon gas over time without sampling the gas.

One of the most important features of the design is the ability to re-open the encasement without damage to either the document or the encasement. By using the O-ring gasket and a series of more than 70 bolts, the seal will be maintained, but can be opened if it is determined in the future that maintenance of the document is required.

Detection of glass deterioration has required the removal of the document from the current encasements. In the new encasements, the glass will not be in contact with the document. Further, if it is detected at some time in the future that a component of the new encasements is deteriorating, the new encasements can be opened, the document removed (by removing the document platform without handling the document itself) and, due to the interchangeable design of the document platforms, the document can be placed in a spare encasement for protection while the other encasement is repaired.

4. Question. Are additional funds required to complete the work?

Answer. No. We now have sufficient funding to complete this project. The \$4 million from the subcommittee was combined with an \$800,000 grant from the Pew Charitable Trusts for the reencasement.

Promotion of Front-End Records Management

1. Question. What do you mean by the front-end management of records and why is it so important?

Answer. Every day White House officials, agency administrators, Congressional committees, and Federal courts create thousands of records, but without effective records management, records will be at risk of loss, deterioration, and destruction. Only by assisting agencies with the management of their records from the time when those records are created—at the *front end* of the life-span of those records—can we ensure that essential documentation is available for the Government itself, today's citizens, and future generations. NARA helps agencies meet statutory requirements to create adequate records, maintain those records systematically, and determine which ones have sufficient historical or other value to warrant continued preservation and for how long. To ensure that records are not in jeopardy, NARA's strategic plan calls for the aggressive promotion of effective front-end records management throughout the Government. But with more than 334 agencies creating records in thousands of locations, NARA has had difficulty responding even reactively to demands for service, and reactive responses do not guarantee that important government records are safe.

2. Question. What deficiencies are you attempting to address with the additional resources you received in fiscal year 1999 and are requesting for fiscal year 2000?

Answer. Funding provided by Congress for fiscal year 1999 is enabling NARA to address four existing records management problems:

- NARA has incomplete information about what records are being created in Federal agencies.
- NARA lacks reliable information about how those records are being managed.
- The processes that Federal agencies and NARA use to schedule agency records are almost entirely paper-based, inefficient, and not customer oriented.
- NARA needs to increase its abilities to work with agencies to identify and address problems that could result in the improper maintenance or erroneous destruction of essential evidence.

We need the funds requested for fiscal year 2000 to continue our work on these problems.

3. Question. How are the additional funds that were provided for this effort in fiscal year 1999 being utilized?

Answer. We have expanded emphasis on records management beyond Washington to the field, where our regional staff members work with, and are receiving positive responses from, Federal agency field offices. We are laying the groundwork and are hiring experienced records management/archival staff for our targeted assistance program, in which we focus on helping those Federal agencies that have the most urgent records management needs. And we are preparing for a major business process re-engineering study of the ways in which Federal records overall are identified, appraised, scheduled, and tracked while in agency custody.

4. Question. What additional work will you be able to accomplish with the additional resources requested for fiscal year 2000?

Answer. The funds requested for fiscal year 2000 will enable NARA to build on current assistance to agencies by doing the following:

- Identify agencies with critical needs for managing their records, particularly those with valuable records at risk;
- Put more people to work providing assistance to Washington and field agencies to address these problems, including developing retention schedules for at-risk records, recommending programs to improve the management of these records, and providing increased and improved communications and training to agencies;

- Decrease the time it takes for NARA to appraise and approve records schedules, and improve the schedules' consistency and effectiveness.

5. Question. What is the total amount included in the fiscal year 2000 budget request for front-end records management?

Answer. The total amount in the fiscal year 2000 budget request for front-end records management is \$3,853,000. This includes funds provided for front-end records management by Congress in fiscal year 1999 and our additional request for fiscal year 2000 and covers both NARA headquarters and field operations.

6. Question. What will the impact on this program be if the additional funds requested for fiscal year 2000 are not received?

Answer. We must hold the line against records loss and not fall back in the effort we have mounted to expand our partnering with agencies on records management. We must protect records from the time of their very creation to assure their accessibility for as long as they meet needs of Government agencies and the public. Moreover, better front-end records management will result in more efficient recordkeeping and more responsive information services, which will improve performance and save money for the agencies themselves and the Government as a whole. We need the funds requested to take the next steps forward within the Government through the active rather than reactive records management program we are building. Without this program, records needed to document citizens' rights, action for which Federal officials are responsible, and the historical experience of our nation will be at risk of being lost.

Records Center Revolving Fund

1. Question. Mr. Carlin, beginning in fiscal year 2000, NARA will begin charging all Federal agencies for the cost of storing and servicing their temporary and pre-archival records. What will the benefits of operating this program on a fully reimbursable basis be?

Answer. For approximately a half century, NARA has operated Federal records centers—facilities in which agencies of the Federal Government store records that remain in their custody but are no longer used often enough to retain in their offices. Most of these are “temporary” records of insufficient continuing value to be scheduled for permanent retention in the National Archives. For most agencies, NARA has provided such storage free of charge. We have also provided retrieval, refile, and disposal services from our NARA budget. Agencies send requests for particular records to our records center staff, who pull the records, send them to the agencies, and then refile them when the agencies send them back. A few agencies with special or high-volume reference needs have reimbursed NARA, but approximately 70 percent of the costs

of running the records center program have been provided through the NARA appropriation. Our records center facilities have nearly reached the bursting point, containing 21 million cubic feet of agency records, and agencies' demands for space are growing at a rate of 2.5 percent per year—more than a half-million cubic feet per year. Accordingly, our Strategic Plan calls for an alternative approach to funding the records center program. This approach—operation of the program on a fully reimbursable basis—will protect other critical NARA programs from funding encroachments from rent and utility increases and will allow NARA the flexibility needed to acquire more space or provide additional services to meet the agencies' requirements.

We will finance the program through a revolving fund, which will receive agencies' fees and cover costs out of them. With service on a fee basis, we can meet agencies' demands for increased space and staff because they will reimburse us. This will reduce NARA's budget authority by nearly \$61 million, funds previously devoted to the support of records storage and retrieval services for the agencies.

In addition, we are not proposing a batch of new programs that we dreamed up to absorb money freed by the reimbursable program. Without the reimbursable program, we would be asking for the same support, but that support would require substantially increased appropriations for next steps in our ongoing efforts to do the major things called for in our Strategic Plan.

2. Question. To the best of your knowledge, have all agencies requested sufficient funds in their budgets for this program?

Answer. We have worked extensively with OMB from the beginning of this project, and to the best of our knowledge those agencies that requested funds to pay for storing records had their requests included in the President's budget request.

3. Question. How was the amount that each agency will be charged developed?

Answer. NARA determined the total storage and personnel costs to operate the Federal records center system based on actual FY 1997 data. These costs were projected out to FY 2000 using approved inflation factors. Included in this cost data were administrative overhead such as costs of workers' compensation, unemployment insurance, computer support, information technology, financial and human resources support, etc. The total costs were then split into two categories: storage costs and service costs. Storage costs include rent payments to the General Services Administration, utilities, and shelving costs. These were calculated to be \$2.08 per cubic foot per year. Each agency's annual storage bill, therefore, is calculated at the number of cubic feet of records stored multiplied by \$2.08.

The service component covers all other services that are not space related. These include reference, accessioning and disposal of records, refiles, interfiles, information technology

systems, and administrative overhead. The service cost is calculated individually for 12 agencies that account for 80 percent of the service workload. The service costs for the remaining agencies is prorated based on the amount of records in the Federal records centers. Currently the service charge for agencies whose service cost is prorated based on volume of records is \$1.23 per cubic foot per year.

4. Question. Did the agencies generally agree with the amount they are to be billed?

Answer. We have been talking with agencies for over a year on this issue. There have been many questions, but for now agencies seem to feel that we will provide the service that they need for a fair and reasonable price.

5. Question. How much will you spend this fiscal year for services that will become reimbursable beginning in fiscal year 2000?

Answer. In fiscal year 1999 we estimate that \$61,342,000 will be spent within the direct appropriation on services that will become reimbursable beginning in fiscal year 2000.

6. Question. The budget justifications state that about 30 percent of the records center program is currently funded through reimbursable payments under the Economy Act. Why is it necessary to establish a new revolving fund for the remaining 70 percent of the program to be operated on a reimbursable basis?

Answer. This NARA program is one of the last remaining, if not the last, major government-wide centralized service that is not funded through reimbursable payments from those agencies receiving the services. Today approximately 30 percent of our records center program is funded through reimbursable payments under the authority of the Economy Act. This existing authority, however, does not provide for a fully reimbursed program that would promote cost efficiencies in NARA's efforts to provide appropriate space for agency records and efficient reference service on those records.

Under the Economy Act, an agency may sell to other agencies its excess capacity for services it provides from appropriated funding. For limited, specific projects, this works very well. However, the proposal to operate the Federal records centers entirely from reimbursed agencies' funds would mean that there would be no directly appropriated program upon which to base Economy Act authority. In addition, financing through a revolving fund will facilitate business-like financial planning, accounting, and cost-recovery methods that are required of revolving fund activities.

Given the limitations of operating under the Economy Act, NARA is seeking authority to operate under a revolving fund for the records centers program.

7. Question. You have requested \$22,000,000 for initial capitalization of the Fund. How was that figure developed?

Answer. That figure was developed with the assistance of a contractor with experience in working capital funds and reviewed and approved by the Office of Management and Budget (OMB). The figure includes \$17,500,000 for working capital and \$4,500,000 for information technology systems development.

The working capital fund must always maintain a positive cash balance and meet payroll, rent, and other expenses. NARA will operate an aggressive client monthly billing program, but there will be a period of time required to bill and to collect from agencies for the services provided. The NARA fund will be subject to the provisions of the Anti-Deficiency Act, and funds must always be available to pay employee salaries and other expenses. After a period of operational stability, NARA will be in a position to carefully review the capital needs of the fund and work with OMB to return unneeded capital funds, if any, to the Treasury.

8. Question. Of the amount requested for initial capitalization of the fund, \$4,500,000 is for the development of information technology. Please describe the systems to be developed and why they are needed.

Answer. We plan to develop an integrated, automated system that will provide significant services to Federal agencies and collect the required accounting and management information to run a successful reimbursable program. The system will be a set of tightly integrated commercial off-the-shelf products running on our network and will provide customers and NARA staff on-line access to the data.

The system will include web-based forms, on-line order tracking, and on-line ordering of services such as records transfer documentation, requests for the return of records, and authorizations to dispose of records. Agencies also will be able to access a history file of information regarding records usage to assist in their records management activities. Accounting functionality will include the necessary cost accounting information to properly allocate fees by Federal agency, determine performance at each facility, and manage capital assets.

9. Question. Are other agencies currently required to use your facilities for storage of their records? Will they be required to use your facilities after the program is converted to a fully reimbursable program next fiscal year?

Answer. Federal agencies are not currently required to use NARA records centers, though most do. A few agencies are now using commercial records centers for the storage of their records, primarily because NARA had insufficient records storage space to meet their needs. OMB has asked that Federal agencies continue to use NARA records centers for fiscal years 2000, 2001, and 2002 unless the agency is already using commercial or agency records centers.

10. Question. Have you discussed the proposal to establish a new revolving fund for this program with your authorizing committee?

Answer. Yes, we have briefed the staffs of both our House and Senate oversight committees on the need to establish a revolving fund and the overall reimbursable program, and we will continue to keep them informed throughout the process.

National Personnel Records Center

1. Question. Mr. Carlin, in December, the committee approved your request to use about \$337,000 of fiscal year 1998 unobligated balances to develop requirements for information technology systems and continue a pilot test of improvements recommended from a business process reengineering study done at the National Personnel Records Center. Please describe for us the redesigned processes that are being tested in the pilot project.

Answer. The pilot project, which started in January 1999, is designed to formulate, test, and validate new work processes in a team environment. Among the innovations the pilot team is testing are the use of teams to handle requests, the elimination of "stove-piping" and multiple "hand-offs" of requests, making direct contact with customers when there are problems with their requests, and the development of flexible rather than rigid procedures for carrying out the work. The pilot team also is developing and testing the staffing, performance, assessment, and training needs of the new work teams.

2. Question. When will the pilot test be completed?

Answer. We are currently in the midst of a 6-month project that is projected to end at the end of July. We may continue to use the pilot team beyond July to participate in the identification of requirements for information technology systems to support the Center's operations.

3. Question. Are funds included in your fiscal year 2000 budget request to begin implementation of the new business processes and information technology applications needed to improve service to veterans?

Answer. Yes. We are requesting \$1.79 million in fiscal year 2000.

4. Question. How quickly will veterans begin to see improvement in the response times?

Answer. We are constantly striving to improve response times, and we have redirected limited resources to that end to improve short-term performance while permanent staff receives training in the redesigned work processes and new information technology systems introduced by the re-engineering project. We anticipate that the supporting information technology system will be in place during fiscal year 2002 and at that time we will begin to see improvements in response times. Once staff training is complete and the new work processes and automated systems are fully implemented, veterans will see a dramatic improvement in response times.

5. Question. What is the total cost of this project and when will it be completed?

Answer. We estimate that the entire project will cost about \$6.8 million and will end in 2003.

6. Question. At the completion of the project, how quickly will you be able to respond to requests for records?

Answer. After our new work processes and automated systems are implemented, our response times will be within our NARA-wide customer service standards. Customers can expect a response to their inquiries within 10 days. Requests for information maintained electronically should be answered within 24 hours.

Storage and Preservation of Records

1. Question. You have requested an increase of \$2,642,000 for rescuing historically valuable audiovisual records from obsolete and deteriorating formats. Does this represent an increase in your base level of funding for storage and preservation of records or is it a one-time investment?

Answer. The request represents an increase in NARA's base level funding for preservation of records.

2. Question. The budget justifications state that at current levels of funding, you will be able to make preservation duplicates of only 2 percent of the black-and-white motion picture film and 8 percent of the black-and-white still photographs held in Washington area repositories in the next 5 years. In addition, you indicate that less than 0.5 percent of the color media documenting the Presidency can be treated at current funding levels over the next 5 years. To what level will those percentages rise if you receive the requested increase in funding?

Answer. If we receive the requested increase in funding, we will be able to make preservation duplicates of 13 percent of our current acetate-based black-and-white still photographs and 2.6 percent of our black-and-white motion picture film over a 5-year period. This means approximately 500,000 still photographs and 2,500,000 feet of motion picture film will have been duplicated and made available for public use. We also will be able to make preservation duplicates of 5 percent of the color media documenting the Presidency, which translates into approximately 70,000 still photographs and 5,000 hours of videotape over 5 years.

3. Question. Do the funds requested for the preservation of military personnel records represent an increase to your base or are they a one-time investment?

Answer. The preservation program we are planning to set up for military personnel records will be an ongoing operation. Approximately 221,000 cubic feet of paper records and 16,000 reels of microfilm are in peril and need extensive preservation work. We will use the funds requested to set up a preservation program with professional conservation staff and contractors capable of planning and providing appropriate housing, special treatment, and in some cases reformatting for these critical, high-use holdings. In addition, necessary holdings maintenance work—reboxing and refoldering of the records in acid-free containers—will take several years.

4. Question. How long will it take to complete the veterans' records preservation project and what will the total cost be?

Answer. The current projection to complete the specific preservation project identified in our fiscal year 2000 budget request is 10 years at a cost of \$15 million. This projection does not include the substantial amount of other preservation work that is required for the remainder of the veterans' records in St. Louis.

5. Question. Have you ever requested that the Department of Defense provide funds for the preservation of veterans' records?

Answer. Preservation-related assistance has not been requested from the Department of Defense.

6. Question. You have requested \$500,000 for planning for regional archival facility improvements to permit you to initiate, in fiscal year 2001, a multi-year effort to retrofit or acquire environmentally controlled space for the storage of archival records and to provide adequate research facilities. What is total estimated cost of this program and how long will it take to complete?

Answer. The requested FY 2000 funding would support architectural and engineering services to survey the existing regional archives facilities to determine if it is technically and economically feasible to retrofit specific facilities, and if so, to estimate the scope of work (with associated costs) required for the specific facility. This survey also will identify those facilities that cannot be retrofitted to provide appropriate environmentally controlled storage space. For those facilities NARA already knows cannot be made compliant with current codes, we will begin preliminary steps to identify alternatives. This survey is an essential first step in the long-range planning effort. It is impossible to predict at this time, without the data from this survey, what the total estimated cost of this program, or its duration, will be.

Electronic Records

1. Question. How are the additional funds that were appropriated in fiscal year 1999 for the management of electronic records being utilized?

Answer. With resources appropriated for fiscal year 1999, we have begun a multi-year effort to do the following:

- *Improve the infrastructure for managing electronic records throughout the Federal Government.* We are working with agencies, such as the Department of Defense, to develop electronic recordkeeping requirements, find tools and products capable of meeting these requirements, and build the capability to preserve document image files. NARA must work with agencies to develop standards for the transfer of archival images or risk losing a generation of historically valuable documentation. With fiscal year 1999 support we are beginning to develop and test standards and techniques for transferring to NARA imaged records of continuing value.
- *Expand our own capacity for preserving electronic records of long-term value in the National Archives.* NARA's original Archival Preservation System automates the preservation of a small number of large data files from major agency databases. Now agencies are increasingly creating hundreds of thousands of small data files in office automation applications such as e-mail, spreadsheets, and word-processing documents. NARA's current system does not have the capacity to handle this huge number of small files. With fiscal year 1999 support, we are

working to complete the systems analysis and issue requests for proposals for development of a high-volume Archival Preservation System.

- *Increase the accessibility of electronic records to customers.* NARA currently has extremely limited capability to make electronic records accessible electronically to researchers. Researchers must access electronic records by purchasing copies of physical files. They cannot search on-line for specific records, nor can they retrieve such records on-line. With fiscal year 1999 funding, we are conducting a requirements and design study aimed at enabling researchers to access electronic records on-line through our Archival Research Catalog. We will develop a prototype system to provide on-line access to electronic records.

2. Question. For fiscal year 2000, you have requested an increase of \$400,000 for the management of electronic records. What work will be accomplished with those funds?

Answer. The requested increase along with the money in our base from fiscal year 1999 would allow us to expand and build on the initiatives outlined above. The \$400,000 would fund an additional 7 new positions dedicated to the operation of the expanded current systems and the development of new access and preservation systems.

3. Question. What is the total estimated cost for development of the high-volume Archival Preservation System?

Answer. As part of the research into defining a technology appropriate for preservation of millions of very diverse electronic records, the National Partnership for Advanced Computing Infrastructure has been tasked with developing cost metrics for this technology. NARA will have a well-grounded estimate of the cost for the system as a product of the current developmental effort, but we do not have firm estimates at this time. It is likely, however, that the costs for an adequate technology to deal with very high volumes of increasingly complex and diversified electronic records will substantially exceed the resources available to NARA either currently or in the fiscal year 2000 request.

4. Question. Do you anticipate that your future budgets will continue to have increases for the management of electronic records?

Answer. Yes. The challenge of managing electronic records throughout their life-cycle continues to increase in size, complexity, and difficulty. As more and more of the government's business is conducted electronically, NARA undoubtedly will need substantial increases in resources.

5. Question. What is the total amount included in the fiscal year 2000 budget request for the management of electronic records?

Answer. Our total request for electronic records management for fiscal year 2000 is almost \$5 million, which represents a \$400,000 increase over fiscal year 1999.

Declassification of Records

1. Question. Will you be able to meet the targets established for the declassification of documents contained in Executive Order 12958?

Answer. NARA will not be able to meet the targets with the current level of resources, in part due to the Kyl Amendment and other special projects. Concerned about possible disclosure of atomic energy information, the Congress passed the Kyl Amendment last year, compliance with which will require that we conduct almost all declassification through page-by-page review. (In fiscal year 1998, declassification by *survey* accounted for 85 percent of the pages reviewed.) The Nazi War Crimes Act also will reduce the amount of declassification that can be accomplished with existing resources. Instead of examining entire records series for declassification, an estimated one-third of the current NARA declassification staff will be required to examine individual withdrawn classified documents to determine their relevance under the act and coordinate their declassification with the appropriate agencies.

2. Question. Please describe the process that was used in the declassification of documents prior to the adoption of the Kyl Amendment and the process that must now be used?

Answer. Prior to the passage of the Kyl Amendment, NARA accomplished a great deal of declassification based on the results of surveys. In fiscal year 1998, 85 percent of the pages NARA reviewed were declassified as a result of survey. When conducting a survey, NARA staff members would examine each box in a classified series looking for sensitive topics, special classification markings, and the ratio of classified to unclassified documents in the box. Staff would also scan samples of the documents in the boxes, paying special attention to any file designations that suggested sensitivity or where experience suggested that sensitive material might be located. Decisions on how intensively to survey the records would be based on such factors as the type of organization that created the records, previous experience with similar records, the subject matter, or the percentage of actual classified documents in the box. If the survey revealed a very low percentage of actual classified information and nothing sensitive was found in the sampling process, we would make the decision to declassify. If a small amount of sensitive items were found during the survey, a page-by-page review might be done of the file or box. If the survey revealed a substantial amount of sensitive information, the appropriate boxes or entire series would be scheduled for page-by-page review. Policy level records and records

suspected to contain intelligence information, restricted data, or other exemptible information would be reviewed page-by-page.

The provisions of the Kyl Amendment restrict our ability to declassify as a result of surveys. Only those records series that we can certify as being highly unlikely to contain restricted data can be surveyed. Since NARA cannot certify the majority of records remaining to be reviewed, they must be given a page-by-page review.

3. Question. What is your best estimate of the additional cost associated with compliance with the Kyl Amendment?

Answer. With the page-by-page review of possible restricted data records required by the Kyl Amendment, NARA will review 20 million pages in fiscal year 1999 instead of the 100 million pages normally reviewed each year. That means under the Kyl Amendment we are only able to accomplish 20 percent of our normal output; therefore, to accomplish the previous rate of review, NARA would need five times the number of staff currently performing declassification review.

4. Question. How will the additional funds requested in fiscal year 2000 for document declassification be utilized? What will the impact be if the additional funds are not received?

Answer. We would use the requested funds to contract for help in accelerating the number of pages reviewed on a page-by-page basis. We also will replace our antiquated and increasingly unreliable automated system for safeguarding information about our classified records holdings, and for processing FOIA and mandatory review requests, with a system currently used by the State Department. And the funding will allow us to expand use in our Presidential libraries of the Remote Archives Capture project, developed by the Central Intelligence Agency, which we have successfully used this past year to reduce the overall expense of declassification. Moreover, our request includes funds to enable the Information Security Oversight Office (ISOO), which NARA administers, to fulfill critical functions under Executive orders on classified national security information and on the National Industrial Security Program.

If the additional funds are not received, we will fall short of the targets in Executive Order 12958. This problem will continue to compound because the Executive order requirement is ongoing and each year more records become eligible under the order. In addition, it costs the Government millions of dollars to protect and store classified records, and these costs will keep rising if ISOO is not given the resources to be more proactive and if we continue to fall behind on declassification.

5. Question. What is the total amount included in your fiscal year 2000 budget request for the declassification efforts?

Answer. The total amount devoted to NARA's declassification effort in our fiscal year 2000 budget request is approximately \$11 million.

6. Question. Please explain the provisions of the Nazi War Crimes Act that have an impact on your declassification efforts.

Answer. One of the Nazi War Crimes Act requirements is that all government agencies locate and recommend for declassification any records relating to Nazi war criminals and assets taken from persecuted persons. The Act covers records dating from 1933 to the present and allows 10 reasons for exempting documents from release. NARA staff must search for and identify records that may be responsive to the Act. The responsive documents must then be reviewed to ascertain whether they fall into one of the exempt categories. Documents that fall into one of the exempt categories will need to be referred to appropriate agencies to confirm the exemption or determine whether the document can be released with redactions.

To date, NARA has identified approximately 80 million pages of unreviewed records and 4 million pages of records withdrawn as a result of earlier reviews that are potentially responsive. To review only selected portions of folders or boxes, instead of a series of records, reduces NARA's effectiveness in declassifying records. To perform the coordination with agencies to confirm the declassification decisions greatly increases the time it takes to declassify records. Given the time limits imposed by the Act, the magnitude of the project is such that it could not be accomplished even if NARA's entire declassification staff does nothing else.

7. Question. What is the total amount included in the budget request for the Information Security Oversight Office? How will the additional funds requested for the ISOO be utilized?

Answer. Our fiscal year 2000 request for ISOO is \$2,986,000. Most of the \$1.5 million requested increase will go to hiring more staff for ISOO. With additional staff, ISOO would be able to commence a series of on-site program reviews, including a review of the classified product of selected agencies; provide outside oversight of special access programs; facilitate the work of the Interagency Security Classification Appeals Panel; and provide direct oversight and assistance to agencies in the conduct of their declassification programs as they reach the most critical time frames established in Executive Order 12958.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN FORBES

Veterans Records

Archivist, every day a veteran or their family calls my office looking for help in obtaining copies of their military service records. These records can be critical when trying to claim veterans benefits including health care, home loan guarantees, disability payments and burial allowances.

You mentioned in your testimony that NARA's National Military Records Center in St. Louis receives 1.5 million requests each year with a backlog ranging from 30,00 to 140,000 and requests sometimes taking as long as 16 weeks to respond to a veterans needs. I'm sure you will agree that a grieving family simply can't wait 16 weeks to receive the paperwork they need to have their loved one properly buried at a National Veterans Cemetery.

1. Question. Is the problem a lack of staff or a lack of resources to hire the necessary staff and train them properly?

Answer. NARA realizes that the effective utilization of personnel resources at the National Personnel Records Center is the key to providing timely reference service to the veteran and others. That is why NARA is investing hundreds of thousands of dollars into a business process re-engineering (BPR) study of the NPRC. The goal of the BPR is to enable NPRC to answer 90 percent of reference requests within 10 days.

As noted in our response to questions from the Committee, we are constantly striving to improve response times, and we have redirected limited resources to that end to improve short-term performance. We know, however, that the re-engineering project we have begun and for which we have requested additional funds will dramatically improve the response times to levels that we cannot reach today no matter how many personnel we assign to the Center.

Regarding National Cemetery burial requests, these do not flow in the same pipeline as the routine requests. The National Cemetery Service is authorized to call the NPRC to request information over the telephone to verify eligibility. These calls all come through Riverside, Calverton, Jefferson Barracks, and Arlington National Cemetery. The NPRC provides the information by telephone the same day or the next. There is no delay.

You also mention in your testimony that NARA has undertaken a radical reengineering project to improve the situation in St. Louis and ensure that veterans and their families have ready access to these vital records.

2. Question. Can you explain in more detail the reengineering project and how you expect it to solve the problems in St. Louis and prevent those problems from reoccurring?

Answer. Our business process reengineering effort has designed a work process that will deal successfully with the backlog problems. It calls for:

- an 85-percent reduction in cycle times,
- an increase in individual employee accountability,
- more customer contact to ensure a proper response and reduce the incidence of sending the inquiry back to ask for more information,
- creating a high degree of information technology support, and
- establishing work-processing teams to reduce employee isolation and improve quality.

These goals will be achieved along three interrelated tracks: through changes in the way that requests are processed, through greater use of information technology, and through changes in the utilization of human resources.

Information technology will be used to develop a Case Management and Reporting System. The system will:

- Digitize the request (letter or form) and route it electronically to the appropriate Military Personnel Records Center (MPRC) offices to eliminate all manual handling of the paper requests once digitized. The MPRC receives more than 1.5 million requests a year, with most received in the mail.

- Accept and respond to requests for information through the Internet where possible. This will speed service to the veteran and increase overall center efficiency.

- Use databases and digitized Official Military Personnel Files (OMPF) of military personnel. All five of the military service departments have developed significant collections of information regarding military personnel including a digitized image capability of the OMPF. Access to this information automatically from the Center's system will increase efficiency by reducing the costs for retrieving the paper OMPF.

- Determine the status of a veteran's request for information. MPRC is frequently contacted by veterans to determine the status of requests that are being processed. Customer service personnel will be able to view the request in the automated system and intelligently discuss the status of the request with the veteran.

- Collect and process data that measures volume of work received, processed, and pending; the cycle time of requests; and the cost per case.

Electronic Records

Archivist, you mentioned earlier the challenge NARA is facing dealing with electronic records. You said, "Nearly every type of record ever created in traditional media now exists in electronic form, plus electronic records exist in forms that have no counterpart in the paper world. Impressive developments in technology for creating records have not been matched by technological developments for managing them."

1. Question. Can you explain some of the challenges you face in managing electronic records and the process you are using to develop electronic record keeping requirements and guidelines?

Answer. Our society is investing heavily in electronic information systems. Government computers have been and increasingly will be generating electronic records in various forms. Included are magnetic tapes and disks made by the Executive Office of the President and the National Security Council, hundreds of major automated Federal agency databases that must be maintained electronically to preserve their usefulness, vast scientific "archives" of information accumulated by Federal agencies that track the weather and explore outer space, and millions of e-mail messages that no one will fully understand in the future unless we also preserve transmission information about them. Additionally, there are documentation and records management issues involving imaging, voice mail, faxes, CD-ROMs, and work done on laptop computers.

Electronic records scheduled to come to us in the near future will increase by more than 300 times the volume we currently are processing, from 30,000 to 10 million, and many will be in forms with which we are just learning to cope. For example, we have long been working with the State Department on how to preserve and provide access to old automated records, containing highly significant material, as the department converts to a new automated system. While lack of space is forcing us to hold off acceptance of some agencies' paper records, lack of capacity and of resources to preserve and provide access is forcing us to hold off acceptance of some agencies' electronic records. Computer tapes and disks quickly deteriorate, and the hardware and software systems on which they can be read become obsolete. How will ready access be provided to essential information in these kinds of records?

All we know for sure about the future is that technological innovations will continue to transform systems for creating and preserving records for continued access. We must plan not only how we are going to preserve electronic records that the nation will need, but also how to keep up, how to manage change, how to stay abreast of new information technologies in Federal agencies, and how to make new technologies work for us in safeguarding valuable information and making it more readily accessible. We must meet the growing public expectation for electronic "on-line" access to information. We will need to work in partnership with Federal agencies, with inter-agency working groups, and with our fellow professionals in the archival and records management fields as a whole who are struggling with the same problems.

With resources appropriated for fiscal year 1999, we have begun a multi-year effort to address these problems through the following:

- *Improve the infrastructure for managing electronic records throughout the Federal Government.* We are working with agencies, such as the Department of Defense, to develop electronic recordkeeping requirements, find tools and products capable of meeting these requirements, and build the capability to preserve document image files. NARA must work with agencies to develop standards for the transfer of archival images or risk losing a generation of historically valuable documentation. With fiscal year 1999 support we are beginning to develop and test standards and techniques for transferring to NARA imaged records of continuing value.
- *Expand our own capacity for preserving electronic records of long-term value in the National Archives.* NARA's original Archival Preservation System automates the preservation of a small number of large data files from major agency databases. Now agencies are increasingly creating hundreds of thousands of small data files in office automation applications such as e-mail, spreadsheets, and word processing documents. NARA's current system does not have the capacity to handle this huge number of small files. With fiscal year 1999 support, we are working to complete the systems analysis and issue requests for proposals for development of a high-volume Archival Preservation System.
- *Increase the accessibility of electronic records to customers.* NARA currently has extremely limited capability to make electronic records accessible electronically to researchers. Currently, researchers must access electronic records by purchasing copies of physical files. They cannot search on-line for specific records nor can they retrieve such records on-line. With fiscal year 1999 funding, we are conducting a requirements and design study aimed at enabling researchers to access electronic records on-line through our Archival Research Catalog. We will develop a prototype system to provide on-line access to electronic records.

In fiscal year 2000 we would expand and build upon these efforts with the funds we have requested.

2. Question. When you mentioned finding tools and products to help NARA manage the electronic records problem, are you referring to off-the-shelf material or is NARA looking to custom design hardware and software?

Answer. Since we first established an electronic records program, our strategy has been to use off-the-shelf tools to the extent practicable. NARA's two current systems for preservation and archival processing of electronic records, the Archival Preservation System and the Archival

Electronic Records Inspection and Control System respectively, were both developed using off-the-shelf products. Moreover, both systems were designed to be modular so that we can take advantage of continuing improvements in information technology by replacing either hardware or software as better products become available at cost-effective prices. We remain committed to this strategy of using off-the-shelf products. Our current initiative to acquire a system to provide researchers with online access to databases preserved in the National Archives embodies this strategy. In endorsing the Department of Defense standard for records management application for use by other Federal agencies, we expanded this strategy to the front end of the life-cycle of records.

There are, nevertheless, limitations in our ability to use off-the-shelf products. The primary limitation is that there is a limited range of available off-the-shelf products that meet archival and records management requirements. To date, NARA has been able to get around the absence of off-the-shelf products addressing archival needs by developing archival applications that run on commercial hardware and software products. In some special cases, such as those of records subject to the *Armstrong v. EOP* litigation and electronic records of Independent Counsels, NARA has had to confront serious hardware problems. However, we addressed these problems by contracting for services with specialized private sector firms, enabling us to eliminate requirements for special hardware. In the records management arena, we hope that NARA's endorsement of the DoD records management application standard will produce sufficient marketing incentive for the private sector to produce products that satisfy Federal records management requirements.

The second constraint is the need to carefully evaluate available products to ensure that solutions that may be optimal today do not pose unnecessary or insurmountable barriers to maintaining the integrity or accessibility of the records over long periods of time. The net effects of this constraint are that our systems development methodologies have to be enriched to address long-term requirements, the range of acceptable products is further narrowed, and we need to modify or configure products to satisfy our requirements.

Internet Access to the Archives

You mentioned that the Archives now has about 126,000 images available "on line" or electronically.

1. Question. How long did it take to do those 126,000 images?

Answer. It took 2 years—from March 1997 to March 1999—to select, prepare, describe, digitize, and make available to the public these images through our prototype online catalog, the NARA Archival Information Locator (NAIL).

2. Question. What is the status of your efforts to increase the number of documents available on line?

Answer. With the successful conclusion of the digitizing portion of the Electronic Access Project, NARA has no current plans to undertake any large-scale digitizing projects. We will, however, develop partnerships and collaborative projects and encourage our partners to help us digitize and make available images online. We will continue to add small numbers of digital images to our website in the form of online exhibits and "Digital Classroom" teaching packets but will focus our efforts on increasing public access to NARA's holdings by completing an agency-wide online catalog that will contain descriptions of all our holdings.

3. Question. Could you explain what challenges and problems you have encountered trying to put the Archives' collection on line?

Answer. The most significant challenges we faced were (a) developing specifications for the digitization of archival material, (b) managing the costs and workload relating to carrying out the digitization, and (c) devising a powerful and highly usable method of delivering these images to the public.

- We developed specifications for digitizing for public access (as opposed to preservation) that provide usable file sizes and formats to the web user but also will allow us to continue to maintain and provide access to the images as technology advances.
- Digitizing archival material is expensive because of the unique formats and the intrinsically valuable nature of the material. We estimate that it cost \$8 per image to obtain each digital image and as least as much to prepare and describe the archival material, perform quality control, and manage the project. In addition, we anticipate that maintaining the images (migrating file formats and media over time so that the images will continue to be available to the public) will be costly.
- From our users we also learned the importance of consistent descriptive standards and a user-friendly vehicle for delivering these images to the public; as a result, we have implemented an enhanced descriptive standards program, improved the current prototype online catalog (NAIL), and continue to build its replacement.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSWOMAN MEEK

National Historical Publications and Records Commission

1. Question. I note that you are seeking \$6 million for the NHPRC in FY 2000, the same amount as FY 1999 except for the one-time grant to the Center for Jewish History. You have indicated that you see NHPRC's highest priority to be saving history that would be lost if you do not take action. Are you satisfied that the process that the NHPRC uses to review funding requests is effectively identifying the most important historical records that are at risk? If not, what additional steps do you propose to improve the process?

Answer. Our review process is designed to identify and fund worthy projects that involve significant records and that are technically sound. We submit proposals to historians and archivists or editors to advise us on the historical significance of the records that would be affected by the proposals and the quality of the plan proposed by the applicants. Also, the State Historical Records Advisory Boards, created at the urging of the NHPRC, are one of the best means to identify the projects most worthy of our support. The NHPRC has learned from long experience that the administrative and professional infrastructure that the state boards provide is essential to the success of projects and the long-term availability of the records in question after the grant funds have been expended.

The state board is the central advisory body for historical records planning and for Commission-funded projects in the state, serving as a coordinating body to facilitate cooperation and communication among historical records repositories and information agencies within the state and as a state-level review body for NHPRC proposals as defined in the Commission's grant program guidelines. With financial assistance from the NHPRC, the state board coordinates efforts to survey historical records within the state, identify problems and needs, develop a strategic plan to meet these needs, and distribute NHPRC funds as regrants to help address some of those needs. Given the shortage of available funds, the NHPRC grants to the state boards and the regrants distributed by the boards are awarded on a competitive basis.

Although we are satisfied that our review process is identifying the most important historical records that are at risk, we continue to review our procedures to identify ways to improve them.

2. Question. Does the NHPRC seek to identify collections that are candidates for preservation or does it principally react to the preservation funding requests that it receives? What criteria do you use to decide which projects the NHPRC will fund? Do you have any concerns that the quality of the grant applications, more than the importance of the collection at risk, is driving the grant application review process? Does the NHPRC, or the state historical advisory boards that it funds, do any outreach, such as technical writing or grant application workshops, to assist NHPRC grant applicants with their grant submissions? Do you think that this would be useful?

Answer. While the NHPRC predominantly responds to the funding requests it receives, we also identify, encourage, and help to develop proposals in specific areas such as grants to address particular areas of its research agenda for electronic records and historical editing projects of particular value.

When deciding which projects the NHPRC will fund, we ask several questions. Are the records significant? Does the plan have technical merit? Has the focus of the project been identified as a priority by national archival or historical organizations, a State Historical Records Advisory Board, or the Commission? Despite all the assistance we provide to applicants and potential applicants, we will turn down grant applications that fail to provide a workable plan in line with good archival practice or that indicate that the work would be undertaken by people with insufficient competence for the task. However, we often add the recommendation that the proposal be resubmitted and that assistance in preparing it be accepted from NHPRC staff and the relevant State Historical Records Advisory Board.

We have learned that a poor proposal generally results in a poor project, and that some records can end up in worse condition or greater disorder from the ministrations of well-meaning but incompetent people. We are conscious of our obligation to see that the public's money is spent responsibly and that history is served, not further damaged, as a result of the projects we fund. To give every applicant the best possible chance to put together a successful project, the NHPRC funds numerous workshops, institutes, fellowships, manuals and other means to enable potential applicants to achieve a sufficient level of competence, or when possible, we grant additional funds to make possible the hiring of a competent professional to perform the work.

The NHPRC does considerable outreach. NHPRC staff attend numerous archival, historical and editing groups' meetings, and whenever program committees permit, we present grant-writing workshops. We also meet on a one-to-one basis with potential applicants to advise them. Our publications and our web site provide the information necessary for the preparation of successful proposals. At our offices, we often meet with prospective applicants, and we field questions that come to us by telephone, mail, fax, and e-mail.

One characteristic that separates the NHPRC from many other grant-making agencies is the amount of assistance we provide to all applicants, especially those who may lack experience in seeking grant funds.

- Prior to the application deadline, the NHPRC encourages potential applicants to discuss their projects with NHPRC staff, either in person, by telephone, mail, or e-mail. Staff help to identify the project's strengths and weaknesses and advise applicants on how to strengthen the proposal. Staff encourage all applicants to submit the proposal in draft form so that staff can read and comment on the proposal before final submission.
- Once the deadline has passed and the proposal has been submitted for review by the relevant state boards and/or professional peer review, the comments (minus the identity of the reviewers) are sent to the applicants along with any additional questions the staff may have. Applicants are encouraged to take advantage of this opportunity to clarify or revise the proposal before the Commission makes a final decision.
- If the proposal fails to be funded, either because it was not as competitive as other proposals, did not meet the Commission's funding priorities, or contained serious flaws, the NHPRC will encourage applicants to resubmit the proposal in a future cycle and take advantage of assistance from the Commission staff.

Nevertheless, the grant process is, of necessity, a competitive one. From fiscal year 1996 (when we were appropriated \$5 million in grant funds) to the present fiscal year, requests for assistance have out-paced available grant funds by \$2.8 to \$4.6 million. We attempt to stretch the available funds in a number of ways:

- "leveraging" the funds as much as possible through cost-sharing and other means;
- making matching offers that require new non-Federal dollars to be allocated to the project;
- granting less than the requested amount;
- making conditional grants based on the expected return of unexpended funds before the end of the fiscal year.

The Commission ensures "understanding of our nation's past by promoting, nationwide, the identification, preservation, and dissemination of essential historical documentation." The NHPRC is, in fact, the only grant-making agency whose sole concern is American historical documentation in its myriad forms. We save history not only from physical deterioration but from being lost, overlooked, and mishandled in the present.

The Commission commits up to 60 percent of its appropriated funds each year to grants for soundly conceived projects of value in reaching its three primary goals:

- The NHPRC will provide the American public with widespread access to the papers of the founders of our democratic republic and its institutions by ensuring the timely

completion of eight projects now in progress to publish the papers of George Washington, John Adams, Benjamin Franklin, Thomas Jefferson, James Madison, and papers that document the Ratification of the Constitution, the First Federal Congress, and the early Supreme Court.

- The NHPRC will promote broad public participation in historical documentation by collaborating with State Historical Records Advisory Boards to plan and carry out jointly funded programs to strengthen the nation's archival infrastructure and expand the range of records that are protected and accessible.
- The NHPRC will enable the nation's archivists, records managers, and documentary editors to overcome the obstacles and take advantage of the opportunities posed by electronic technologies by continuing to provide leadership in funding research and development on appraising, preserving, disseminating, and providing access to important documentary sources in electronic form.

The Commission reserves at least 40 percent of its appropriated funds each year for grants for other projects eligible for support within the Commission's statutory mission, including projects to protect and otherwise make accessible historically significant records, to publish documentary editions other than the eight founding-era projects judged to be of critical importance, and to improve the methods, tools, and training of professionals engaged in documentary work.

Employment and Vendor Opportunities for African Americans, Hispanics, Other Minorities and Women at NARA

3. Question. For FY98, FY99 and the current fiscal year, please provide a statistical profile of your employees and management personnel broken down by race, sex, and pay grade.

Answer. Attached is a chart showing our current breakdown among the categories you requested.

4. Question. Please provide a profile broken down by race, sex, and company size of the vendors who are receiving contracts from the NARA. Please include the aggregate dollar amount of such contract awards, along with an aggregate dollar amount of all contracts awarded by the NARA to third parties.

Answer. NARA does not keep statistics on contracts based on race, but we do maintain them on small business concerns, small disadvantaged business concerns, and women-owned business concerns. The following actual information is provided for fiscal year 1998:

<u>Awarded to:</u>	<u>Number of Awards</u>	<u>Dollar Amounts</u>
Small Business Concern	793	\$28,868,000
8(a) Concern	9	858,000
Small Disadvantaged Business	15	2,346,000
Women-Owned Business Concern	32	737,000

5. Question. Please detail your efforts to recruit African Americans, Hispanics, other minorities and women to your workforce and as vendors. How do you rate the success of your promotion and recruitment programs for such prospective employees and vendors?

Answer. NARA makes wide distribution of vacancy announcements for positions that are open to the public or to employees of other agencies. We also make our announcements available through the Internet by placing them on NARA's web page and on the Office of Personnel Management's job opportunities web site, "USAJOBS." Our biggest recruiting effort during the past year was to fill entry-level professional positions. This effort included distribution of announcements to sources of minority candidates including historically black colleges and universities, the Hispanic Association of Colleges and Universities, and a number of listserves related to history and archival issues.

Budgetary Implications of Additional Record Retention Requirements

6. Question. As we all know, NARA has been a party to extensive litigation over the issue of electronic records retention. What are the budgetary implications, if any, of *Public Citizen et al. v. Carlin et al.* Civ. Action 96-2680 (PLF)? Assuming that the Court's injunction against NARA remains in effect, does the FY 2000 budget provide you with the necessary resources to comply fully with the Court's orders? If not, what additional sums, if any, would be required?

Answer. NARA issued a bulletin on March 25 with a plan for scheduling the electronic copies of records previously covered by General Records Schedule (GRS) 20. Pending any further Court action related to the *Public Citizen v. Carlin* case, NARA should have enough resources to implement the bulletin. Further orders or modifications to orders by the Court could, however, have an adverse affect on our resources.

7. Question. Are there any other records requirements on the horizon with known implications for the FY 2000 budget or future years that are not provided for in the FY 2000 budget? If so, please describe the requirements and the costs connected with them.

Answer. To the best of our knowledge, there are no other records requirements that are not provided for in our fiscal year 2000 budget request. As we have indicated in answers to other questions, however, we face numerous electronic records and front-end records management challenges for which we expect to need more resources in future years. In addition, we have no way to know what future records requirements could be imposed on us or to estimate the costs of such requirements.

Status of Center for Jewish History Grant

8. Question. Please provide an itemization of expenditures to date under the Center for Jewish History FY 1999 NHPRC grant and any current reports on the grant.

Answer. At its most recent meeting on February 24, the Commission voted to award the Center for Jewish History up to \$199,800 for a planning grant to plan for the expenditure of the remaining directed funds, with a special emphasis on studies to: (a) plan for the governance and operations of the Center and (b) plan for the implementation of the Center's Integrated Collections Access and Management System. This was the first and only expenditure to date. The planning study will enable the Center, with NHPRC staff input, to prepare a major proposal for the expenditure of the remaining \$3,801,200 to be submitted against the October 1999 deadline for decision at the Commission's May 2000 meeting.

PP	Grade	Sex	American Indian	Asian/Pacific Islander	Black Non- Hispanic	Hispanic	White Non- Hispanic
AD	00	F					1
AD	00	M					1
ES	00	F					1
ES	00	M					13
EX	03	M					1
GM	13	F			6		17
GM	13	M				1	31
GM	14	F			1		8
GM	14	M					32
GM	15	F			1		
GM	15	M					18
GS	01	F			3	2	4
GS	01	M		1	20		4
GS	02	F	2	3	75	1	67
GS	02	M	2	1	48	4	70
GS	03	F	2	18	136	5	143
GS	03	M		8	78	4	69
GS	04	F		6	88	2	78
GS	04	M	1	3	29		54
GS	05	F	1	4	88	5	98
GS	05	M		2	41	4	63
GS	06	F	1	2	68	2	54
GS	06	M		2	18	2	53
GS	07	F	1	2	41	2	75
GS	07	M		1	13		52
GS	08	F			17		13
GS	08	M			4		4
GS	09	F		1	25	1	59
GS	09	M		1	25	1	47
GS	10	F					1
GS	10	M					1
GS	11	F		1	20		76
GS	11	M	1	3	11	2	88
GS	12	F		3	25	1	107
GS	12	M		2	16	1	138
GS	13	F	1		9		55
GS	13	M			10	1	85
GS	14	F					10
GS	14	M	1		2		20
GS	15	F			1		14
GS	15	M		1			16
SL	00	F					1
WG	02	M				1	1
WG	03	M			1		
WG	05	M		1	5		2

PP	Grade	Sex	American Indian	Asian/Pacific Islander	Black Non- Hispanic	Hispanic	White Non- Hispanic
WG	06	M			2		
WG	07	M			2		1
WG	08	M			1		
WG	09	M			1		
WG	10	M			2	1	1
WG	12	F					1
WG	12	M			1		3
WL	05	M			1		
WS	04	M			1		
WS	07	M			1		



2000 BUDGET

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Congressional Justification

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

2000 CONGRESSIONAL JUSTIFICATION

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NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

STRATEGIC OVERVIEW

Mission, Goals, Progress

Mission: The National Archives and Records Administration (NARA) is our national record keeper. An independent agency created by statute in 1934, NARA safeguards records of all three branches of the Federal Government. Our mission is to ensure that Federal officials and the American public have ready access to essential evidence in the form of records that document—

- the rights of American citizens,
- the actions of Federal officials, and
- the national experience.

We carry out this mission through a national network of archives and records services facilities stretching from Washington to the West Coast, from Atlanta to Anchorage, including ten Presidential Libraries documenting administrations of Presidents back to Roosevelt and Hoover. Additionally, we administer the Federal Register Program and the Information Security Oversight Office (ISOO) as well as make grants for historical documentation through the National Historical Publications and Records Commission (NHPRC). We meet literally thousands of information requests daily, ensuring access to records on which the entitlements of citizens, the credibility of government, and the accuracy of history depend.

Goals: NARA's goals are set forth in a Strategic Plan, which in 1997 we brought into compliance with the Government Performance and Results Act (GPRA). The plan identifies 37 specific objectives we must achieve by the year 2007 as part of reaching the following four broad goals:

- *Essential evidence will be created, identified, appropriately scheduled, and managed for as long as needed.*
- *Essential evidence will be easy to access regardless of where it is or where users are for as long as needed.*
- *All records will be preserved in appropriate space for use as long as needed.*
- *NARA's capabilities for making the changes necessary to realize our vision will continuously expand.*

In short, NARA's plan commits us to strengthening records management in the Federal Government, expanding public access to records, preserving them in appropriate space, and expanding NARA's capacity to provide these services. What progress have we been making?

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Goal One Progress: To improve records management, we have taken major steps to help Federal agencies, particularly in dealing with electronic records:

- We have acted on recommendations produced by our Electronic Records Work Group, which the Archivist of the United States created as an interagency partnership of knowledgeable people from NARA and other agencies, supplemented by private-sector experts, to devise alternatives to General Records Schedule 20, which a Federal court had declared null and void.
- We have drafted a bulletin to guide agencies in working with us on scheduling how long to keep electronic copies of records of their program activities and certain administrative functions formerly covered by General Records Schedule 20. The bulletin is under review by the Office of Management and Budget and Federal agencies.
- We have promulgated changes to other general records schedules that authorize the disposal by Federal agencies of certain administrative records, regardless of physical format.
- We have nearly completed drafting a new general records schedule for certain administrative records documenting the management of information technology.
- We participated in the creation of, and have now endorsed, a standard developed by the Department of Defense (DoD) on design criteria for electronic records management software applications, which provides a starting point for agencies that want to begin implementing electronic record keeping. And we are working with DoD and other Federal agencies on other technical projects of potential value to government agencies generally in dealing with electronic records.
- We have launched an interagency Fast Track Guidance Development Project to identify "best practices" currently available and provide guidance quickly on electronic-records issues that urgently confront Federal record keepers now—guidance they can use while work goes forward on developing more complete and longer-term solutions.
- Archivist of the United States John Carlin has begun a series of meetings with high-level officials of other Federal agencies to increase understanding of the current challenges in records management and expanding possibilities for partnering.
- We have expanded emphasis on records management beyond Washington where our regional staff members work with, and are receiving positive responses from, Federal agency field offices. We are also laying the groundwork for the Targeted Assistance

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Program, which was supported by the Congress in the FY 1999 budget, in which we focus on helping those Federal agencies that have the more urgent records management needs.

- Additionally we are preparing a major business process re-engineering study, which was supported last year in the FY 1999 budget, of the ways in which Federal records overall are identified, appraised, scheduled, and tracked while in agency custody.
- We are also making progress on developing records storage standards, which Federal agencies need to assure appropriate care for their records while in their custody.

Goal Two Progress: To expand access to records, we have taken equally significant strides in the past year, as indicated by the following highlights:

- We continued building an Internet-accessible catalog of NARA's nationwide holdings, which already offers 386,500 records descriptions to public researchers at their home, office, or library computers. And to illustrate what can be reached in our holdings through those descriptions, we plan to complete in March our project to provide Internet access to at least 120,000 of our most interesting and requested photographic and textual records, including a collection of Albert Einstein letters and famous historical photographs by Matthew Brady.
- We continued to develop other resources available to the public at our web site, such as our Digital Classroom for students and teachers, and our electronic Exhibit Hall of document displays otherwise to be seen only in our buildings. Last fiscal year, "hits" on our web site totaled more than 56 million, and the average monthly rate has doubled from the volume we reported in our Congressional budget presentation last year.
- Our *Federal Register* and related publications, which provide vital information on current government activity used every day by lawyers, business people, and members of Congress, among others, have gone on-line as well. On-line Federal Register publications include the entire 200 volumes of the *Code of Federal Regulations*. Users are making "hits" on our Federal Register publications at an average of 184,000 times each day, a 69 per cent increase over the past six months.
- We reviewed another 445 hours of Nixon White House tapes that we hope to release yet this year.
- We made major releases of material recorded in the Kennedy and Johnson White Houses, and processed other recorded material in the Eisenhower Presidential Library.



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- And we added some 180 cubic feet of records to the John F. Kennedy Assassination Records Collection, now totaling 4.5 million pages, for which NARA assumed full on-going responsibility when the J.F.K. Assassination Records Review Board expired last fall.
- We declassified 92 million more pages of previously classified material in our holdings, bringing to 319 million the pages we declassified, more than any other Federal agency, in the three years since promulgation of President Clinton's Executive Order.
- Our records continue to be a major resource for those, including Congressional staff members, who are trying to trace "Nazi Gold" and other assets looted from Holocaust victims. We are about to publish a huge new "finding aid" to help them search our holdings.
- The staff of our military personnel records facility in St. Louis is completing a redesign, soon to be tested, of its procedures for responding to customers—the millions of American veterans who depend on records we hold to verify their entitlements to benefits.
- And, for the benefit of researchers and public visitors, in Fiscal Year 1998 we formally opened the George Bush Presidential Library.

Goal Three Progress: To preserve records better and get them in appropriate space, we are carrying forward projects to preserve records and to help us meet our growing needs for records storage space—and for the right kind of space for records preservation, retrieval, and use.

- In February of 1999, we will unveil a model that our experts have developed for new encasements to ensure the on-going protection and preservation of our nation's Charters of Freedom—the Declaration of Independence, the U.S. Constitution, and the Bill of Rights—within the Rotunda of the original National Archives Building, and we are beginning the design of the renovation of that building, now sixty-three years old.
- We have attended to the preservation needs of 14,800 rolls of motion picture film that have been in jeopardy.
- To address our critical space needs outside the Washington area, we have begun work on a major space initiative through a series of meetings at each of our current regional facilities and with users at national conferences as we try to learn more about user needs and how best to add more and better space, provide more access for more people, and do it in a cost-effective manner.
- We announced the conversion of NARA's Federal records services centers to a completely reimbursable revolving-fund service by FY 2000, for which we are staffing up thanks to Congressional support in the current fiscal year.

Goal Four Progress: To improve NARA's internal capacities to carry out our plan, we took several steps:

- We completed the conversion of many intermittent positions to full-time and part-time status.
- We inaugurated staff training in project management and created a management development program.
- We extended computer training for staff of Presidential Libraries and regional facilities.
- We established a Development Staff to seek financial help for projects that our strategic plan designates as appropriate for private-sector partnerships.
- We are upgrading now computer information systems in preparation for the year 2000, and we do not anticipate any material disruption.
- In addition we have made significant progress in improving the reliability of our agency-wide computer network, increasing our public access capabilities and the staff's capacity to work efficiently.
- Finally, one of the major increases provided by the Congress last year was \$4,000,000 to be granted by the National Historical Publications and Records Commission to the Center for Jewish History. The NHPRC staff is working with the prospective grantees on a plan for its effective use, an example of our efforts to make the most prudent use of appropriated funds.

Thus we are carrying out the programs and projects for which the Congress gave us expanded resources in appropriating funds for the current fiscal year. As we said then, the dollars we sought would finance long-overdue steps—beginning steps—in the work we must do to fulfill what the statutes require of us and meet successfully the information needs of the government and the public in the 21st Century. Now we are ready to take the next steps needed on four specific fronts, for which, with justification explained in the next section, we request funds for FY 2000:

- *to promote front-end records management;*
- *to meet electronic records challenges;*
- *to expand opportunities for access;*
- *to meet storage and preservation needs of growing quantities of records.*

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION FY 2000 BUDGET REQUEST

Fiscal Year 2000 is the second year in the National Archives and Records Administration's concerted plan to address additional funding requirements. It requires a significant next step in providing the kind of funding necessary to carry out our agency's statutory mission, and will move forward programming that we began in FY 1999. In that year, Congress provided a critical increase to enable us to promote front-end records management to Federal agencies, to make progress in meeting electronic records challenges, to expand opportunities for access, to preserve and publish more documents through NHPRC grant funding, and to prepare for the Charters of Freedom re-encasement project and the renovation of Archives I.

For Fiscal Year 2000, the total NARA request can be summarized as follows (for all accounts):

Overview:	FY 1999 Enacted:	\$244.7 Million
	(Includes Y2K supplemental funds of \$6.7M; excludes \$7.9M in deferred funds)	
	FY 2000 Request:	\$228.0 Million

Even though our FY 2000 request is a 7 percent reduction from FY 1999 funding available to NARA, our request includes funding increases to continue building these important programs. Whereas last year we were asking Congress for significant additional funding for our key programs, the funding this year for continuing our effort in critical areas will come from reprogramming a percentage of the NARA funds that were budgeted to operate Federal records centers. Funds to continue operating our records centers will be provided by increasing the program from being 30 percent reimbursable to being totally funded from reimbursable funds, funds collected from agencies that use the records center services NARA provides. With the assistance of the planning funds appropriated by the Congress last year, we are ready to begin implementing the records center reimbursable program in FY 2000. This initiative will encourage Federal agencies to work with us as partners in their records management programs, and will provide NARA with much needed flexibility for responding to agency requests for records storage space and services.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

The President's Budget for FY 2000 reprograms \$60.7 million of NARA's budget authority that previously had supported records storage and services for Federal agencies as follows:

- \$22.0 million — To establish a reimbursable Records Centers Revolving Fund with a one-time amount to capitalize the Fund.
- \$34.0 million — To provide for continued progress for NARA program initiatives (\$24.9 million) and continuation of Repairs and Restoration project initiatives (\$9.1 million) as follows:

Promote Front-End Records Management — \$1.6 million

Meet Electronic Records Challenges — \$0.4 million

Expand Opportunities for Access — \$17.4 million

- Prepare to open the 1930 Census
- Expand electronic archival holdings catalog
- Improve Veterans access to records
- Build Federal Register electronic editing and publishing
- Upgrade NARANet (a mission critical system)
- Expand/strengthen declassification of records

Meet Storage and Preservation Needs of Growing Quantities of Records — \$14.6 million

- Preserve decaying military personnel records and audiovisual records (\$3.6 million - Operating Expenses)
- Move records to appropriate space (\$1.9 million - Operating Expenses)
- Archives I Building Renovation (\$8.6 million - Repairs & Restoration)
 - Continue the renovation design, construction quality management services and pre-renovation readiness
- Regional Space Plan (\$0.5 million - Repairs & Restoration)
 - Plan to ensure quality and quantity of space needed for regional archival storage facilities

- \$4.7 million — To protect base programs by funding employee pay raise amounts and NARA and GSA facilities rate increases.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

SUMMARY OF 2000 BUDGET REQUEST (dollars in thousands)

	Request		Cumulative Appropriation		Refer to Page
	FTE	Amount	FTE	Amount	
BASE LEVELS:					
Operating Expenses - Direct	1,917	\$231,613	1,917	\$231,613	36
Less: Records Center Revolving Fund Planning	-10	-1,226	1,907	230,387	
Conversion of Reimbursable to Revolving Fund & Direct	-687	-60,116	1,220	170,271	27, 65, 78
Storage Needs for Increasing Records *	-	-1,750	1,220	168,521	
Expand Opportunities for Access *	-	-1,834	1,220	166,687	
Preservation, Storage, and Duplication *	-	-4,277	1,220	162,410	
Y2K Contingent Emergency Fund	-	-6,662	1,220	155,748	
FY 1998 Reappropriation in FY 1999	-	-337	1,220	155,411	
Annualization of 1999 Pay Raise - 3.6%	-	660	1,220	156,071	
2000 Pay Raise - 4.4%	-	2,441	1,220	158,512	
Facility Rate Changes (NARA Facilities)	-	1,479	1,220	159,991	
Rent Rate Changes (GSA Facilities)	-	156	1,220	160,147	
Information Technology Infrastructure Restoration	-	1,373	1,220	161,520	
Adjusted Operating Expenses - Direct	1,220	\$161,520	1,220	\$161,520	
Repairs and Restoration	-	\$4,450	1,220	\$165,970	55
NHPRC Grants	-	6,000	1,220	171,970	59
Operating Expenses - Reimbursable	76	-	1,296	171,970	65
Revolving Fund	-	-	1,296	171,970	78
Trust Fund	111	-	1,407	171,970	74
Total Base Levels - All Funds	1,407	\$171,970	1,407	\$171,970	

* Deferred Funding per Public Law 105-277

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

SUMMARY OF 2000 BUDGET REQUEST (CONTINUED) *(dollars in thousands)*

	Request		Cumulative Appropriation		Refer to
	FTE	Amount	FTE	Amount	
OPERATING EXPENSES DIRECT INCREASES:					
Promote Front-End Records Management	17	\$1,597	17	\$1,597	11
Meet Electronic Records Challenges	7	400	24	1,997	14
Expand Opportunities for Access	26	17,393	50	19,390	17
Meet Storage and Preservation Needs of Growing Quantities of Records	27	5,542	77	24,932	23
Total Operating Expenses Increases	77	\$24,932	77	\$24,932	
REPAIRS AND RESTORATION INCREASES:					
Regional Space Plan	-	\$500	-	\$500	26
Archives I Renovation	-	8,568	-	9,068	25
Total Repair and Restoration Increases	-	\$9,068	-	\$9,068	
NHPRC GRANTS:					
No Additional Grants	-	-	-	-	
Total Grants	-	-	-	-	
REVOLVING FUND:					
Revolving Fund Operations	1,165	-	1,165	-	27
Revolving Fund Capitalization	-	\$22,000	-	\$22,000	27
Total Revolving Fund Increases	1,165	\$22,000	1,165	\$22,000	
2000 Appropriated Funds Increases	1,242	56,000	1,242	56,000	
TOTAL NARA FY 2000 BUDGET REQUEST	2,649	\$227,970	2,649	\$227,970	

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

SUMMARY OF 2000 BUDGET REQUEST (CONTINUED) *(dollars in thousands)*

	Request		Cumulative Appropriation		Refer to Page
	FTE	Amount	FTE	Amount	
BUDGET AUTHORITY :					
Total Operating Expenses - Direct Appropriation	1,297	\$186,452	1,297	\$186,452	36
Less: Redemption of Debt	-	-5,598	1,297	180,854	
Total Repairs and Restoration	-	13,518	1,297	194,372	55
Total Grants	-	6,000	1,297	200,372	59
Total Revolving Fund	1,165	22,000	2,462	222,372	78
Total Trust Fund	111	-	2,573	222,372	74
Total Reimbursable	76	-	2,649	222,372	65
TOTAL/NARA FY 2000 BUDGET AUTHORITY	2,609	\$222,372	2,649	\$222,372	

NOTE: Archives II principal for redemption of debt is excluded from Budget Authority amounts in accordance with OMB guidelines.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION ALL APPROPRIATIONS

JUSTIFICATION OF REQUESTED INCREASES

PROMOTE FRONT-END RECORDS MANAGEMENT

For FY 2000, NARA requests \$1,597,000 and 17 FTE for next steps in our effort to promote truly effective front-end records management throughout the government.

Every day White House officials, agency administrators, Congressional committees, and Federal courts create thousands of records. NARA helps them meet statutory requirements that they create adequate records, maintain those records systematically, and determine which ones have sufficient historical or other value to warrant continued preservation, and for how long. Without effective records management, records needed to document citizens' rights, actions for which Federal officials are responsible, and the historical experience of our nation will be at risk of loss, deterioration, and destruction, just as was the fate of so many valuable records before the nation had a National Archives and Records Administration. But we are making advances, not the least of which has now been made possible by passage of the IRS act that contains provision for NARA at long last to be able to appraise records previously unavailable to us. To ensure that records are not in jeopardy—that "essential evidence will be created, identified, appropriately scheduled, and managed for as long as needed"—NARA's strategic plan calls for the aggressive promotion of effective front-end records management throughout the government.

Funding provided by the Congress for FY 1999 is enabling NARA to address four existing records management problems.

- NARA has incomplete information about what records are being created in Federal agencies.
- NARA lacks reliable information about how those records are being managed.
- The processes that Federal agencies and NARA use to schedule agency records are almost entirely paper-based, inefficient, and not customer oriented.
- NARA needs to increase its abilities to work with agencies to identify and address problems that could result in the improper maintenance or erroneous destruction of essential evidence.

We need the funds requested for FY 2000 to advance our work on these problems, focusing particularly on two sub-goals in NARA's strategic plan. Goal 1.A calls for NARA to increase records management assistance to Federal agencies nationwide and work in partnership with those agencies to ensure that essential evidence is created, identified, maintained, and appropriately scheduled for as long as needed; and Goal 1.B calls on NARA to work with agencies to make our current scheduling and appraisal processes more effective and timely. But with more than 334 agencies creating records in thousands of locations, NARA has had difficulty responding even reactively to demands for service, and reactive responses do not guarantee that important government records are safe.

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Therefore, we are carrying forward a nationwide targeted assistance program. With FY 1999 funds, NARA has begun to develop an integrated records management program that can respond to agency needs in both the Washington, D.C., area and across the nation. NARA's internal reorganization of its records management program provides the framework for managing a nationwide program, and our Fiscal Year 1999 funding is providing an initial base of staffing for targeted assistance to agencies both in the field and in the Washington area. Finally, NARA is using the funds allocated for business-process re-engineering to redesign completely the way NARA identifies, schedules and appraises records, which is a critical step toward improving government-wide records management.

NARA's Strategic Plan and GPRA goals identify these steps as the foundation upon which an improved records management program is built. Having begun to lay the foundation, NARA requests funding for 17 additional staff members to expand assistance to agencies. The increased staff will be used to bolster further our nationwide records management program, assisting agencies with records in all media but increasing the capability to handle electronic records issues. The new staff together with staff already being added with FY 1999 funds will strengthen our outreach to all Federal agencies. This new staff will assist in developing and implementing new records management policies and processes identified in our business-process re-engineering effort, and will help train agencies in implementation. They also will assist agencies in addressing pressing records needs, including the need to schedule electronic records. Data indicate that scheduling and schedule implementation for electronic records lag far behind that for records in paper format. As NARA works with agencies in this area, NARA will need additional staff to deal with the resulting records schedules. The problem is compounded by the number of agencies that must revise their

schedules to come into compliance with revised General Records Schedule 20 requirements. Finally, the request for additional staff will allow NARA to meet our GPRA goals for identifying records soon after creation and providing improved turn-around times for records schedules.

In summary, the funds requested for FY 2000 will enable NARA to build on the start we are making in FY 1999 to do the following:

- Revise our evaluation processes to establish baseline information about the status of Federal agencies' recordkeeping practices;
- Identify agencies with critical needs for managing their records, particularly those with valuable records at risk;
- Put more people to work providing assistance to Washington and field agencies to address these problems, including developing retention schedules for at-risk records, recommending programs to improve the management of these records, and providing increased and improved communications and training to agencies;
- Decrease the time it takes for NARA to appraise and approve records schedules, and improve the consistency and effectiveness of records schedules, thereby improving NARA's customer service to Federal agencies and the public;

- Permit agencies to submit schedules and receive NARA approval on-line;
- Enable NARA to track the percentage of records in all formats managed by Federal agencies according to recordkeeping requirements; and
- Improve overall the Government's ability to identify, schedule, and track Federal records.

We must not fall back in the effort we have mounted to expand our partnering with agencies on records management and hold the line against records loss. We need the funds requested to take the next steps forward within the Government through the active rather than reactive records management program we are building. In FY 1998, we reallocated available resources in Washington, D.C., and in the regions to records

management, and with Fiscal Year 1999 funding we are building on those resources. Evidence that our effort is paying off has begun coming to us in comments like the following. A records manager in the Albuquerque office of the Department of Energy wrote to "express our sincere appreciation [to NARA] ... for providing training, technical advice, and review of on-site records disposition practices. . . ." A records manager for the Department of the Interior commended our Denver staff as "an excellent team that brings lots of practical experience, knowledge, and a common sense approach to an important part of the records management area—vital records." And a records officer in the Bonneville Power Administration expressed gratitude to our Seattle staff "for the excellent advice and guidance provided. . . [Your] assistance did much to build on the already excellent support BPA has always received from NARA-Seattle." These are the kinds of relationships that we are working to achieve nationwide.

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MEET ELECTRONIC RECORDS CHALLENGES

For FY 2000, NARA requests \$400,000 and 7 FTE to expand our capacity to preserve and provide access to growing quantities of electronic records in multiple forms.

The past two decades have seen a massive explosion both in quantities and types of electronic records generated in the Federal Government. Nearly every type of record ever created in traditional media now exists in electronic form, plus electronic records exist in forms that have no counterpart in the paper world. Impressive developments in technology for creating records have not been matched by technological developments for managing them. The Government must address realistically a future in which most government recordkeeping will be electronic. If we do not, essential evidence in electronic records will be lost. To ensure the survival of such evidence, we need to meet four key electronic records challenges:

- *NARA needs to develop and update guidance for Federal agencies to help them manage an increasing variety of electronic records.* Expanding technology has outstripped NARA's capacity to develop even basic guidance for many major types of electronic records, such as document management systems, workflow applications, and electronic commerce.
- *NARA needs to work with partners to identify technical solutions that agencies and NARA can apply to distinguish between permanent and temporary electronic records without human intervention.* Agencies that have tried to implement electronic recordkeeping for e-mail have found that distinguishing temporary from permanent records is particularly burdensome for

staff, especially when many agencies handle millions of e-mail messages annually.

- *NARA needs to develop capabilities to preserve permanently and to provide access to the increasing volume and variety of electronic records created by agencies when the hardware and software that were used to produce them are obsolete and no longer function.* NARA's current capabilities for accessioning and preserving electronic records are limited to databases and simple forms of electronic textual records. NARA needs to expand these capabilities to other common classes of electronic records, such as word processing files, document images, spreadsheets, digital photography, video and sound recordings, geographic information systems, and others.
 - *NARA needs to develop capabilities to describe, organize and structure electronic records so that researchers can discover and retrieve what they need.* NARA's current capabilities for providing access to electronic records are limited largely to producing one-to-one file copies on digital media and, to a very limited extent, formatted printouts of data. On-line access is limited to a few databases of war-time casualty data. Researchers trying to find electronic records in NARA holdings rely on direct contact with NARA staff for anything beyond simple title listings of data sets and high level series descriptions.
- With current resources NARA has begun several initiatives to address these challenges including:

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- a partnership with the Patent and Trademark Office to explore advanced case management technology that could be applied to managing electronic records across the Federal Government;
- an agreement with the Department of Defense on the evaluation and testing of the Records Management Application standard that we recently endorsed;
- a contract with the Army Research Laboratory to explore and evaluate options for automated processing of electronic Presidential records;
- a collaboration with the Defense Advanced Research Projects Agency in a research and development contract to develop the next generation preservation system, which will enable NARA holdings to expand from the few thousands of files we currently accession each year to the millions of files that are scheduled to be transferred to us in the near future.

With new resources appropriated for FY 1999 NARA is working to:

- *Improve the infrastructure for managing electronic records throughout the Federal Government.* We are working with agencies, such as the Department of Defense, to develop electronic recordkeeping requirements, and find tools and products capable of meeting these requirements.
- *Expand our own capacity for preserving electronic records of long-term value in the National Archives.* Electronic records scheduled to come to us in the near future just from White House offices and the State Department alone will increase from tens of

thousands to tens of millions the electronic records that we must process, and many will be in electronic forms that we must yet learn how to service.

- *Increase the accessibility of electronic records to customers.* NARA currently has extremely limited capability to make electronic records accessible electronically to researchers. We are conducting a requirements and design study aimed at enabling researchers to access electronic records on-line through our Archival Research Catalog.

In FY 2000 NARA will expand and build upon these efforts using the base increase from FY 1999 and the additional request of \$400,000 and 7 FTE to:

- *Begin development of a high-volume Archival Preservation System.* NARA's original Archival Preservation System automates the preservation of large data files from major agency databases. Now agencies are increasingly creating hundreds of thousands of small data files in office automation applications such as e-mail, spreadsheets, and word processing documents. NARA's current system does not have the capacity to handle this huge number of small files. With these funds NARA will complete the systems analysis and issue requests for proposals for a high-volume Archival Preservation System.
- *Build the capability to preserve document image files.* Federal agencies are turning to digital imaging to solve problems ranging from the management of spatial and photographic information (NASA and the National Reconnaissance Organization), to document declassification (State, Defense, and the Central

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Intelligence Agency), and to management of vast quantities of active and semi-active records (Transportation and the Environmental Protection Agency). However, the imaging industry still does not have agreed-upon standards that will allow interchange of documents among systems or transfer to and preservation by NARA. Because many of the records that agencies are currently imaging have been archival in hard copy, NARA must work with agencies to develop standards for the transfer of archival images or risk losing a generation of historically valuable documentation. The FY 2000 funding will allow NARA to undertake the development and testing of standards and techniques for transferring to NARA imaged records of continuing value.

- *Develop customer service capabilities for access to electronic records.* NARA soon will be accessioning high volume and high demand electronic records from such agencies as the Department of State and the Executive Office of the President, but NARA does not have the ability to provide access to these records in the ways that researchers want. Currently, researchers must access electronic records by purchasing copies of physical files. They cannot search on-line for specific records nor can they retrieve such records on-line. NARA will develop a prototype system to provide on-line access to electronic records for researchers.

- *Process the increasing volume of records.* In addition to implementing system solutions to the problems of electronic records, NARA will increase the flow of electronic records into the agency by increasing the number of staff dedicated to electronic records work. Staff will be used for the implementation of systems designed in FY 1999 as well as

handling the increased workload generated by scheduling, appraisal, and oversight work done in the targeted assistance program. While NARA is trying to automate as much of the initial archival processing as possible, staff are still needed at several stages, including verification and description, which require analysis of the records.

These initiatives will produce major improvements in our ability to address the challenge of electronic records, but there can be no pretense that they will meet the challenge in its entirety. Indeed, the challenge itself will continue to grow and change, driven by the continuing evolution of information technology and continuing changes in the extent and variety of applications of information technology to digital government. NARA will need to capitalize on current partnerships and projects and expand partnerships with other agencies and institutions to ensure that essential electronic evidence is created, maintained, and accessible. We will need to collaborate in additional research and development efforts addressing new kinds of electronic records, such as digital photography, digital voice, digital motion pictures, and geographic information systems. And we will need to continue to provide guidance and assistance to Federal agencies in managing the electronic records explosion.

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EXPAND OPPORTUNITIES FOR ACCESS

For FY 2000, NARA requests \$17,393,000 and 26 FTE to make many more of the records that we manage and preserve for the citizens of our country readily accessible to them.

The ultimate outcome—the public benefit—of all NARA's work depends on making the records we save accessible. During the past two-and-a-half years, NARA has made significant progress in expanding access to records in two ways—making material electronically accessible via the Internet and supporting the declassification of large numbers of documents pursuant to Executive Order 12958. In spite of such achievements, and in spite of all we have done and are doing to make our work more efficient and economical, major obstacles still threaten future progress. In particular, antiquated business processes and equipment have combined with dramatic increases in public interest in our records and services to strain the capabilities of a staff that is trying to respond to ever-growing numbers of reference requests. As described in the justifications below, we need the increases requested for FY 2000 to carry forward the following specific efforts:

- Prepare to open the 1930 census;
- Expand the Archival Research Catalog so that customers can search our holdings;
- Modernize and staff reference services to meet customer needs;
- Improve customer service by systematically soliciting customer feedback;
- Improve our capacity to declassify documents as the Executive Order has directed;

- Build the *Federal Register's* electronic editing and publishing program for public access;
- Improve reference services for veterans' records;
- Upgrade NARANET to support NARA's staff and customer communications.

Prepare to Open the 1930 Census

On April 1, 2002, NARA will open the 1930 population census records to researchers. The decennial censuses are among the most widely-used records held by NARA, and their opening to the public is one of NARA's most eagerly anticipated events. We expect the 1930 census to be especially popular because it is the first in which large numbers of individuals surveyed are still living. We learned by reaction to a delay in the release of the 1920 census that customer dissatisfaction will be vocal and intense if the 1930 census records are not available when promised by law. To meet public expectations will require the duplication and distribution of the 4,318 rolls of 1930 census microfilm and enumeration district maps for use through NARA facilities and our contractor-operated microfilm rental program. It also will require the purchase of equipment to store the film in NARA facilities and the upgrading of our microfilm reading rooms. We are requesting \$3,077,000 in FY 2000 to copy and distribute the original 1930 census microfilm so that these records will be readily available for research as prescribed by law.

Although NARA is making approximately 120,000 images available in digital form via the Internet to expand access to our holdings, microfilming has been and will continue to be a key strategy for



distributing records for wider access. NARA records are too voluminous to justify the cost of digitizing and maintaining all of them in digital form. Additionally, those records that are most used will be better preserved for future generations when microfilm reference copies are used rather than the originals. The duplication and distribution of the 1930 census microfilm will be the first step toward implementing an ongoing microfilm program to provide a low-cost alternative for greater public access to many of NARA's most important and most used records.

Expand the Archival Research Catalog So That Customers Can Search Our Holdings

Goal 3.A of the NARA Strategic Plan calls for building a nationwide, integrated on-line information delivery system that educates citizens about NARA and its facilities, services, and holdings, and makes available digital copies of high-interest documents. Significant progress has been made in this area through our Electronic Access Project. This project will lead to the development of an on-line catalog of all NARA holdings nationwide, including those in the Presidential libraries and regional archives (386,500 records descriptions already are available on-line). In addition, 120,000 images of NARA's most popular and significant manuscripts, photographs, sound recordings, maps, drawings, and other documents will be digitized and available for researchers to view on-line by March. Users will be able to search the descriptions in the system by title, subject, date, or other keywords. When completed, this electronic catalog will make information about and from NARA's holdings nationwide readily accessible to staff assisting researchers with reference requests and to researchers in our research rooms and at their homes, offices, and schools.

Development of the Archival Research Catalog will be completed in 1999 and our performance goals call for 85 percent of our holdings to be described in the catalog by 2002. We are requesting \$859,000 and 3 FTE to support the conversion of data from outdated, incomplete systems and paper finding aids to the Archival Research Catalog and provide for the roll-out and upkeep of this system on the Internet and in all of NARA's research rooms nationwide.

Modernize and Staff Reference Services To Meet Customer Needs

While NARA is developing new strategies and using technology to serve our customers more effectively, we cannot neglect our more traditional reference services. In public forums conducted nationwide during the past year, users of our records have asked us for more opportunities to pursue their research interests outside regular Government business hours and in more accessible locations than some of our facilities now provide. Additionally, NARA needs to begin a project to separate permanent Chinese Exclusion Act records from temporary records in Alien Case Files belonging to the Immigration and Naturalization Service (INS) in order to ensure that records critical for understanding the history of Chinese immigration are preserved and accessible to the public. Already, however, such critical research projects as attempts to trace looted "Nazi gold" have resulted in increased reference work without any increase in staffing. NARA has been filling this gap by using temporary student help. Students rarely stay long enough to learn much beyond the surface of the holdings and are unable to provide the knowledgeable assistance that our customers need and permanent archival staff can provide. Researchers nationwide have expressed dissatisfaction with our antiquated, unreliable microfilm readers and other audiovisual equipment that often does not work. The opening of the 1930 census in 2002 will only put additional strain on our inadequate equipment and staff. Finally,

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because we don't have research computer terminals in most of our research rooms, users can't access the same NARA information while visiting our sites as they can at home.

To begin to update our reference services, we are requesting \$898,000 and 17 FTE. We will begin a regular on-going program of replacing broken, deteriorating, and inadequate equipment, such as microfilm readers and audio and video players, for the benefit of researchers at our research sites across the country. We will place research computer terminals in every NARA research room so that researchers visiting NARA can access at our sites the same information that we make electronically accessible at home. And we will modestly expand reference staffs nationwide to address the significantly increasing numbers of reference requests and expand hours to enable researchers at our regional sites to pursue research at least one day a week outside normal Government business hours. This modest commitment will go a long way toward improving customer service for the genealogists, historians, members of the media, legal researchers, government researchers, and others who visit our facilities to do needed research.

Improve Customer Service by Systematically Soliciting Customer Feedback

The Government Performance and Results Act and three subsequent Presidential directives on customer service require that we demonstrate that our strategic goals truly reflect what our customers want. We are explicitly directed to solicit information systematically about who is or should be served by our agency, what kind and quality of services they want, and how effectively we are delivering those services. All these objectives require the institution of techniques and practices beyond our traditional measurements of performance, which focus on outputs, costs,

and productivity. We have developed and published customer service standards, which we are meeting well enough to have received congratulatory attention in the 1997 report of Vice President Gore's National Performance Review. We are requesting \$527,000 to institute an agency-wide system for collecting and aggregating performance data, and to establish a systematic dialogue with customers that will help us identify services that we can and should improve.

Improve Our Capacity to Declassify Documents as the Executive Order Has Directed

The Government protects millions of classified documents at great expense, including material in Presidential libraries and NARA's other archival collections. Much of this material no longer requires classified protection and should be opened to interested citizens. In Executive Order 12958, the President required the declassification by April 2000 of material that is 25 years old unless specifically exempted. And the requirement is an ongoing one: in 2001, the Government will be expected to release documents created and classified in 1976; in 2002, documents created and classified in 1977; and so on. We have made great progress in complying, with 319 million pages declassified by NARA since promulgation of the Executive Order.

Additionally, concerned about possible disclosure of atomic energy information, the Congress passed the Kyl Amendment last year, compliance with which will require that we conduct almost all declassification through page-by-page review. (In Fiscal Year 1998, declassification by *survey* accounted for 85 per cent of the pages reviewed.) The Nazi War Crimes Act will also reduce the amount of declassification that can be accomplished with existing resources. Instead of examining entire records series for declassification, an estimated one-

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third of the current NARA declassification staff will be required to examine individual withdrawn classified documents to determine their relevance under the act and coordinate their declassification with the appropriate agencies. In addition, processing archivists who had been performing some declassification work as part of initial processing have had to be diverted to reviewing records as part of a project to prepare for our Records Services Centers' going reimbursable.

To meet these new needs along with the need to keep declassification on schedule, we are requesting \$6,554,000 and 6 FTE. With these funds, we will hire 48 contractors at \$60,000 each to double or more the number of pages reviewed on a page-by-page basis. Also with these funds, we will replace our current antiquated, inadequate, and increasingly unreliable automated system for safeguarding information about our classified records holdings and for processing FOIA and mandatory review requests with a system developed and currently used by the State Department. In addition to tracking our declassification processes, this system eventually will allow NARA to redact documents electronically, and provide copies of redacted documents to researchers. And the funding will allow us to expand use in our Presidential libraries of the Remote Archives Capture project, developed by the Central Intelligence Agency, that we have successfully used this past year to reduce the overall expense of declassification. In the past, agencies that originally produced classified documents in our holdings had to send special teams to review them on site in the libraries' holdings. The system we have piloted enables the libraries to scan classified documents, at a rate of 10,000 pages a day, to send to all participating agencies for declassification review and release or redaction. The additional funds will enable us to do our part in this inter-agency partnership, and declassify or make possible the declassification by other agencies of nearly all eligible materials in our Presidential libraries by the end of FY 2000.

Moreover, our request includes funds (\$1,500,000 included above) to make it possible for the Information Security Oversight Office (ISOO), which NARA administers, to fulfill critical functions for which it is responsible under Executive Orders on classified national security information and on the National Industrial Security Program. The funds will enable ISOO to direct oversight of declassification programs within agencies through on-site program reviews to improve the quality and output of these programs, which special legislation such as the Kyl Amendment makes more important than ever. And the funds will enable ISOO also to conduct reviews of classification programs and special access programs within agencies, while strengthening data collections and analysis, working with NARA on a database of information that has been declassified, and maintaining support for the Interagency Security Classification Appeals Panel (ISCAP) and the Information Security Policy Advisory Council (ISPAC).

The funds we request will pay off in better management and monitoring of all phases of the security classification system, so that information critical to our nation's security is adequately protected, information that no longer requires protection is made available to public researchers, and distrust about the workings of the government secrecy program is alleviated.

Build the Federal Register's Electronic Editing and Publishing Program for Public Access

NARA publishes the *Federal Register*, the *Code of Federal Regulations*, and related publications that provide information essential for business, legal work, and the operation of Government on a daily basis. Informing citizens of their rights and legal responsibilities was at the heart of the establishment of the Federal Register system, and improving our capacity

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to deliver such information quickly and fully remains one of our most critical ongoing responsibilities. Goal 3.A of the NARA Strategic Plan calls for increasing electronic access to Federal Register publications. The demand for such access is evident in the fact that the *Code of Federal Regulations*, all 200 volumes of which are now on-line, and our other Federal Register publications, receive 184,000 "hits" per day. We are requesting \$527,000 in FY 2000 to support our ongoing search for ways to move documents through the Federal Register system more efficiently, and our work on defining requirements for an electronic system covering all phases of preparing Federal Register publications for issuance. These efforts will enhance access to Government information and improve government efficiency by permitting agencies to submit documents for publication electronically, streamlining the production process, supporting more frequent updating of the *Code of Federal Regulations*, and establishing a single access point for anyone seeking the current status of Federal requirements.

Improve Reference Services for Veterans' Records

At the National Military Personnel Records Center in St. Louis, NARA receives 1.5 million requests each year from veterans and their representatives for documentation of their military service. They need this information to claim entitlement to benefits including health care, home loan guarantees, education, employment, service-connected injury compensation, burial allowances, and assistance to homeless veterans, to name just a few. Veterans and their families need to be able to rely on NARA for prompt, complete, and accurate information. Sometimes we even get urgent calls for military medical records needed by doctors who are about to perform surgery on a veteran. But for other requests in recent years, backlogs ranging from 30,000 to 140,000 inquiries have meant lengthy delays—sometimes as long as sixteen weeks—in

responding to veterans' needs. NARA has undertaken a radical business re-engineering project to redesign the reference processes in St. Louis to ensure that veterans and their families have ready access to these vital records. In FY 1999, we will be testing the redesigned processes through team-based pilot projects. We are requesting \$1,790,000 for FY 2000 to implement the human resource initiatives and information technology applications needed to improve our services to veterans.

Upgrade NARANET to support NARA's staff and customer communications

Every month our Internet server records more than 4.6 million hits by customers requesting or accessing information about NARA and its record holdings, nearly double from a year ago. And every day our employees maintain electronic communication with our customers and with each other across NARA's facilities nationwide. All this is made possible by the automated information system we call NARANET. NARANET is a wide-area-network that connects the entire agency and connects the agency to the public and Federal agencies via the Internet. It enables NARA to create, maintain, retrieve, analyze, and share agency information and provides the internal network backbone needed to support all NARA electronic access initiatives, including the Electronic Access Project and our web site. NARANET now enables citizens who cannot visit our sites to do research and request needed information; it allows Federal agencies to get quick access to records management information and help; it allows citizens, such as veterans, access to information to help document their rights; it allows researchers visiting one of our locations to find related information at our other locations; and it allows staff nationwide to communicate efficiently to meet customer needs. Within the next several years, NARANET will support our electronic records initiatives, including the accessioning and preservation

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of permanent electronic records and providing on-line access to those records. It also will support a system to facilitate our records scheduling processes with agencies, including allowing schedules to be submitted electronically by agencies. NARANET is critical for achieving multiple goals in our Strategic Plan, including Goals 1.A and Goals 1.B pertaining to promoting records management, Goals 2.A and 2.F pertaining to expanding opportunities for access, and Goals 4.E and 4.F pertaining to expanding NARA's capabilities to realize our vision.

Though crucial for fulfilling NARA's Strategic Plan and providing reliable service to our customers, NARANET in 1998 met the expectation of our users only 76 percent of the time. We must reach the performance goal of meeting user expectations at least 95 percent of the time by 2007. Beginning in FY 1999, NARANET will provide infrastructure support for mission-critical applications, such as our Archival Research Catalog (ARC) and the replacement of our Trust Fund order fulfillment system. With the FY 2000 request of \$3,161,000, we will begin the cyclical

replacement of workstations, network operating systems, software upgrades, and network servers, routers, and supporting software. We will make significant enhancements to our Internet servers and replace most of our NARANET telecommunications infrastructure. Furthermore, because none of our field facilities has any technical staff to support NARANET, we need to provide training and technical support services. The requested funds will enable us to increase our overall NARANET performance to 85 percent in FY 2000 and bring NARANET still closer to the effectiveness level required for dependable support of customer access and internal operations.

New technologies as well as staff additions can help us meet many of the public needs described above, if investment funds are available beyond base budget levels. Our ability to meet our strategic plan's major access goal depends on such investments. Most importantly, when we meet that goal, both citizens and public servants will have the access they need to their records when and where they need them.

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MEET STORAGE AND PRESERVATION NEEDS OF GROWING QUANTITIES OF RECORDS

For FY 2000, NARA requests \$14,610,000 and 27 FTE (15 temporary) for ensuring the survival of records in jeopardy and preparing for renovation of the original National Archives Building in Washington.

One of the four major goals in NARA's strategic plan is to ensure that "all records will be preserved in appropriate space for use as long as needed." Much work will be needed to achieve that goal because many of our facilities are nearly out of space, many of our records are in space inappropriate for their long-term preservation, and many records need special preservation attention. While we have begun to lease cold storage space for our most at-risk records, undertaken a nationwide space planning study, and started the basic design work to re-encase the Charters of Freedom and renovate the National Archives Building, these initial steps are dwarfed by our critical needs in this area. We request funding increases in FY 2000 for five needs that we have identified as most pressing:

- rescuing historically valuable audiovisual records from deteriorating and obsolete formats;
- preserving deteriorating records of great value to veterans in documenting entitlements;
- preparing for renovation of the sixty-year-old historic National Archives Building;
- responding to quantity and quality space challenges in our regional archival facilities.

Audiovisual Records

Almost half of the 240,000 motion pictures in NARA's holdings, 70 percent of NARA's 16 million aerial film records, and 36 percent of NARA's seven million acetate still photographs are now a half-century old and nearing the end of their predicted life. Half of NARA's 230,000 audio records and nine percent of NARA's 42,000 video records are on obsolete formats. These numbers are expected to grow as NARA acquires more acetate based and obsolete media records and our collections continue to age. All such material will become unusable by the public if NARA does not house it in a more stable environment and convert it from deteriorating and obsolete formats into preservation copies that researchers can view and hear on today's audiovisual equipment.

The problem is particularly acute for acetate-based records which have a short life span. Examples of the documentary heritage we will lose are records of the Great Depression, the New Deal, World War II, the post-war years, and many of the photos and films that document the modern presidency. Many of NARA's acetate film negatives already have reached the point at which scientific studies indicate deterioration begins. But at current levels of funding, NARA will be able to make preservation duplicates of only two percent of the black and white motion picture film and only eight percent of the black and white still photographs in our Washington, D.C., area repositories in the next five years. During this same period, at current funding levels, less than half a percent of the color media documenting the modern Presidency can be treated. Clearly, unless we take action, future generations will not have access to the sounds and images of American history over the past half-century.

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An increase added to our base in FY 1998 is enabling us to begin the process of moving our most at-risk audio-visual records into leased facilities that will provide cold storage that can slow acetate deterioration. This in itself will save some 60,000 cubic feet of motion picture and aerial film. We will also be able to provide cold storage units for our Presidential Library facilities. The increase in our base also allowed us to contract for the reformatting and duplication of audio and video records now on obsolete formats that cannot be played back on our currently available equipment. These contracts will enable us to provide researchers access to important records from the 1930s and 1940s. The Fiscal Year 1998 budget increase also enabled NARA preservation labs to purchase supplies and equipment to increase their preservation duplication of non-textual records. The new equipment will, for example, help us create color microfilm copies of maps that provide vital indexes to the 1930 decennial census, which will be available to the public for the first time in April 2002. Our FY 2000 request of \$2,642,000 and 5 FTE will enable us to add staff and hire contractors needed for special work to save many more records by rehousing them in archival-quality protective containers and taking other actions to maintain current holdings. Most important, the funding will enable us to accelerate preservation copying. By duplicating acetate films on longer lasting film stocks, and by duplicating or reformatting audio and video recordings created in formats for which play-back equipment no longer exists, we will both preserve the nation's audiovisual treasures and make them available for public use.

Veterans' Records

NARA receives 1.5 million requests annually to help veterans document their rights. These records enable men and women who served in the nation's defense to claim entitlement to employment consideration, health

care, education, and other benefits. Sometimes doctors giving medical attention to veterans urgently need to see health records from military service. The official military personnel records that document veterans' service are stored by NARA in St. Louis for the Department of Defense. Because these records have such great value, the majority will be accessioned permanently into NARA's holdings. Unfortunately, the facility currently housing these records does not meet even the most permissive storage standards for permanently valuable records. Recommendations for its replacement will come from the overall space study that NARA currently is undertaking. But vital records are in peril in the meantime and require preservation attention. To ensure both short-term and continuing access to these records, a comprehensive preservation program needs to be initiated immediately.

Specifically, approximately 8,000 cubic feet of records documenting overseas service and reasons for discharge of Army and Air Force personnel between 1917 and 1963 are disintegrating because of poor paper quality and frequent handling in reference use. Some 112,645 cubic feet of records salvaged from a 1973 fire are charred, brittle, and contaminated by mold. Included are Army and Air Force personnel records from both world wars and Korea. Approximately 14,400 reels of 16mm microfilm, which are the only source of many Air Force individual flight records from 1911 to 1974, have developed red measles-like spots, which means NARA needs to make back-up copies now. Some 1,393 reels of 16mm microfilm containing the much used Veterans Administration Master Index Card File for World Wars I and II are losing image quality. Approximately 99,000 cubic feet of records of Navy enlisted personnel between 1885 and 1947 are cracking at their folds and falling apart from the effects of cheap, acidic paper.

NARA will use \$975,000 (Operating Expenses) and 7 FTE requested for FY 2000 to set up a preservation program with professional conservation staff capable of planning and providing appropriate housing, special treatment, and in some cases reformatting for these critical, high-use holdings. NARA's current budget does not include any funds for the preservation of this vast quantity of records which need immediate attention, and which the nation's veterans must rely upon now and in the future.

Renovation of the National Archives Building

The National Archives Building is showing the effects of more than 60 years of use. Deficiencies in the building's electrical distribution systems, heating-ventilation-air-conditioning (HVAC) components, plumbing and restrooms, elevators, and other systems have become severe. Repair and replacement of systems is needed now to extend the life of the building and protect the records within it. We must improve control of temperature and humidity, and we need to provide filtered air flow to the 40 per cent of our records storage areas that do not now have it. Also we must meet current code requirements for public accessibility within the building, which currently does not and cannot comply with the Americans with Disabilities Act Accessibility Guidelines or the Uniform Federal Accessibility Standards without extensive renovations.

In March 1997, NARA delivered to the appropriation committees and OMB an architectural and engineering requirements study for the renovation of the National Archives Building. Subsequently, NARA officials discussed with OMB details and estimated costs of a renovation plan that represented a modification of that proposed in the study. These discussions led to the conclusion that NARA should advance to the next phase of planning by completing the programming for the approved

renovation plan, beginning the concept design phase for the renovation, and acquiring construction quality management services to assist in overseeing the design effort and to provide move-project oversight. Our FY 1999 budget includes \$2,000,000 to carry out this effort. The plan for the renovation includes repair or replacement of basic building systems that will ensure the continued viability of the National Archives Building, address life safety and fire code issues, improve the storage conditions for archival records, improve public areas of the building to ensure that they comply with the Americans with Disabilities Act Accessibility Guidelines, and develop a new, secure, and accessible display system within the Rotunda that is compatible with the Charters' new encasements and will enhance the public's access to these cherished documents.

In FY 2000 NARA seeks an additional \$8,568,000 in appropriated funds in the Repairs and Restoration appropriation to complete the renovation design, fully fund the construction quality management services for the project, and initiate three smaller construction projects that need to be completed before award of the full renovation construction contract planned for FY 2001. The three construction projects include hazardous material abatement in mechanical rooms and pipe chases, demolition of shelving and steel decking in tiers one through six, and construction of office space in part of the currently inaccessible moat area on the Pennsylvania Avenue side of the National Archives Building. This space will serve as "swing space" for staff during the renovation and eventual replacement offices for staff who will be permanently displaced from office areas that have over the years been created from former records storage areas. These "stack" offices will be reconverted to store archival records.

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As we develop the renovation concept design, we must prepare to move records so that renovation can be carried out. We will need to move approximately 210,000 cubic feet of records currently in the National Archives Building to Archives II in College Park, Maryland, and 35 to 45 NARA staff members now stationed downtown, along with their files, supplies and equipment. Another 300,000 cubic feet of records will need to be moved and consolidated *within* the National Archives Building to make room for work in various areas. So that records can be moved without physical harm, we must purchase boxes, folders, and Mylar sleeves for rehousing records to make them move-ready, and we will need other supplies for preservation work. Also we will need two machines to make customized housings for odd-size records that are being moved, and equipment for work stations for staff moving with records to College Park. The \$1,925,000 (Operating Expenses) and 15 temporary FTE requested for FY 2000 will make these moves possible in a way that ensures the safety of these valuable records.

Planning for regional archival facility improvements

NARA is requesting \$500,000 in the Repairs and Restoration appropriation in FY 2000 to begin the planning effort to develop alternatives for the existing inadequate regional archival facilities. The regional archival facilities do not provide enough space nor space that

offers storage conditions that ensure the continued preservation of their valuable records. The public research facilities are inadequate and antiquated. Staff has insufficient space to carry out necessary tasks. FY 2000 funding will provide for architectural and engineering support to develop specifications for the modification of existing NARA facilities, or to develop the requirements for alternative facilities. Development of architectural and engineering specifications in FY 2000 will enable NARA to take timely action to initiate in FY 2001 a multi-year effort to retrofit or acquire environmentally controlled space for the storage of archival records and to provide adequate public research facilities.

It is easy to suppose that once records are put into an archival facility they are safe there forever. But records that are fragile, have been damaged, are on unstable media, or were created on obsolete equipment continue to need attention, as do buildings that age along with the records. For FY 2000, we are asking for increased funds to deal with five of our most pressing preservation needs. With that money we can take steps to maintain and extend the life of millions of fascinating visual records of the 20th Century; thousands of paper records of priceless value to the nation's veterans; the irreplaceable Charters of Freedom; and the great building that has protected our documentary heritage for so many years and can be renovated to do so for many more. We can also carry forward our planning effort to preserve valuable archival records located in regional facilities across the country.

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REVOLVING FUND (Reimbursable)

The new revolving fund for NARA, which we need to establish a reimbursable records center program that will begin to charge Federal agencies for the cost of storing and servicing their records beginning in FY 2000, requires appropriation of a certain level of capital, particularly in its initial operational stages.

We request an appropriation to the revolving fund of \$22 million. Of this, \$17.5 million is required to provide NARA with sufficient funds for expenditures to carry out the purposes of the fund and pay for the costs of its operations until bills are paid; and \$4.5 million is for developing and installing information technology solutions that do not exist today.

Within the space of one day, NARA records center operations will change from being funded on an appropriated basis to being funded on a self-sufficient funding basis by providing services on a standard price basis to Federal agency customers, without further appropriations from Congress.

The working capital must always maintain a positive cash balance and meet payroll, rent and other expenses. NARA will operate an aggressive client monthly billing program but there will be a period of time required to bill and to collect from agencies for the services provided. The NARA fund will be subject to the provisions of the Anti-Deficiency Act and funds must always be available to pay employee salaries and other expenses. Concern over these payment issues is the key determinant for the level of the corpus of this new start working capital fund.

NARA has worked with an outside contractor with experience in large working capital funds. This experience has indicated that payments, even

in established operations, often are difficult to manage, even for mature funds.

NARA will not have ability to borrow from other funds within the agency nor will it have the experience of having established billing and income history for many of its client agencies. NARA is working closely with these customers to establish working relationships, but the uncertainties of Federal agencies' signing agreements, the availability of agency funds in the new fiscal year, and the short, one day changeover to revolving fund status, not to mention the uncertainties relating to the new millennium, will make the process a challenging one.

NARA currently estimates that the FY 2000 operational level of the fund will be nearly \$93 million.

After a period of operational stability, NARA will be in a position to carefully review the capital needs of the fund and work with OMB to accomplish a return of unneeded capital funds, if any, to the Treasury.

Significant and critical information technology requirements must be met to manage the program successfully to include timely and accurate financial data essential to the success of the reimbursable program that NARA is establishing in FY 2000.

We request \$4.5 million to be appropriated to the revolving fund for the purpose of developing and installing IT solutions that will make NARA's service delivery, costing, and pricing effective. These systems do not exist today. The use of the funds will provide for functional IT analysis, purchase of commercial-off-the-shelf (COTS) software and hardware,

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configuration and customization of the COTS software, training of records centers and implementation of a cost accounting system. It will be necessary to develop billing and client ordering systems that will integrate with the new cost accounting system, with the existing accounting systems for which NARA contracts with GSA under a cross-

serving arrangement, with records centers legacy IT applications such as NARS-5 and CIPS, and with NARA's IT architecture. The GSA system itself is now undergoing re-engineering at GSA, and NARA will need to re-engineer the records center legacy IT applications. These funds will be used to accomplish these objectives.

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PERFORMANCE COSTS — FISCAL YEAR 1998
(dollars in thousands)

ACTIVITIES	Salaries & Expenses*		Repairs & Restoration		NHPRC		Advances & Reimbursements		Trust Fund		Revolving Fund		Total	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Goal 1: Essential evidence will be created, identified, appropriately scheduled, and managed for as long as needed.														
Records Services	\$13,096	154	-	-	-	-	-	-	-	-	-	-	\$13,096	154
Archives Related Services	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Archives II Facility	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Total	\$13,096	154	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$13,096	154
Goal 2: Essential evidence will be easy to access regardless of where it is or where users are for as long as needed.														
Records Services	107,463	1,518	-	-	-	-	19,047	456	15,895	111	-	-	142,405	2,085
Archives Related Services	7,902	80	-	-	5,714	-	387	-	-	-	-	-	14,003	80
Archives II Facility	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Total	\$115,365	1,598	\$0	0	\$5,714	0	\$19,434	456	\$15,895	111	\$0	0	\$146,498	2,165
Goal 3: All records will be preserved in appropriate space for use as long as needed														
Records Services	47,685	108	9,166	-	-	-	12,591	-	-	-	-	-	69,442	108
Archives Related Services	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Archives II Facility	24,232	-	-	-	-	-	-	-	-	-	-	-	24,232	0
Total	\$71,917	108	\$9,166	0	\$0	0	\$12,591	0	\$0	0	\$0	0	\$93,674	108

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INCLUDES ALL FUNDS**

PERFORMANCE COSTS — FISCAL YEAR 1998 (CONTINUED)
(dollars in thousands)

ACTIVITIES	Salaries & Expenses*		Repairs & Restoration		NHPRC		Advances & Reimbursements		Trust Fund		Revolving Fund		Total	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Goal 4: NARA will continuously expand its capabilities to make the changes necessary to realize our vision.														
Records Services	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Archives Related Services	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Archives II Facility	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Total	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Summary of Goals 1 through 4														
Records Services	\$168,244	1,780	\$9,166	0	\$0	0	\$31,638	456	\$15,895	111	\$0	0	\$224,943	2,347
Archives Related Services	7,902	80	0	0	5,714	0	387	0	0	0	0	0	14,003	80
Archives II Facility	-24,232	0	0	0	0	0	0	0	0	0	0	0	24,232	0
GRAND TOTAL	\$250,378	1,860	\$9,166	0	\$5,714	0	\$32,025	456	\$15,895	111	\$0	0	\$565,178	2,427

* Does not include Redemption of Debt.

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PERFORMANCE COSTS — FISCAL YEAR 1999
(dollars in thousands)

ACTIVITIES	Salaries & Expenses*		Repair & Restoration		NHPRC		Advances & Reimbursements		Trust Fund		Revolving Fund		Total	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Goal 1: Essential evidence will be created, identified, appropriately scheduled, and managed for as long as needed.														
Records Services	\$19,520	183	-	-	-	-	-	-	-	-	-	-	\$19,520	183
Archives Related Services	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Archives II Facility	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Total	\$19,520	183	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$19,520	183
Goal 2: Essential evidence will be easy to access regardless of where it is or where users are for as long as needed.														
Records Services	120,769	1,545	-	-	-	-	18,774	544	14,561	111	-	-	154,104	2,200
Archives Related Services	8,392	79	-	-	10,000	-	357	-	-	-	-	-	19,149	79
Archives II Facility	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Total	\$129,161	1,624	\$0	0	\$10,000	0	\$19,131	544	\$14,561	111	\$0	0	\$173,153	2,279
Goal 3: All records will be preserved in appropriate space for use as long as needed.														
Records Services	53,561	110	11,325	-	-	-	12,024	-	-	-	-	-	77,810	110
Archives Related Services	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Archives II Facility	23,820	-	-	-	-	-	-	-	-	-	-	-	23,820	0
Total	\$77,381	110	\$11,325	0	\$0	0	\$12,024	0	\$0	0	\$0	0	\$101,655	110

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INCLUDES ALL FUNDS**

PERFORMANCE COSTS — FISCAL YEAR 1999 (CONTINUED)
(dollars in thousands)

ACTIVITIES	Salaries & Expenses*		Repairs & Restoration		NHPRC		Advances & Reimbursements		Trust Fund		Revolving Fund		Total	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Goal 4: NARA will continuously expand its capabilities to make the changes necessary to realize our vision														
Records Services	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Archives Related Services	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Archives II Facility	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Total	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Summary of Goals 1 through 4														
Records Services	\$191,850	1,838	\$11,325	0	\$0	0	\$31,698	544	\$14,561	111	\$0	0	\$21,434	2,493
Archives Related Services	8,792	79	0	0	10,000	0	357	0	0	0	0	0	19,149	79
Archives II Facility	23,820	0	0	0	0	0	0	0	0	0	0	0	23,820	0
GRAND TOTAL	\$224,462	1,917	\$11,325	0	\$10,000	0	\$32,055	544	\$14,561	111	\$0	0	\$59,403	2,572

* Does not include Redemption of Debt

* Does not include carryover of 1998 funds of \$249

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
INCLUDES ALL FUNDS**

PERFORMANCE COSTS — FISCAL YEAR 2000
(dollars in thousands)

ACTIVITIES	Salaries & Expenses*		Repairs & Restoration		NHRPC		Advances & Reimbursements		Trust Fund		Revolving Fund		Total	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Goal 1: Essential evidence will be created, identified, properly scheduled, and managed for as long as needed														
Records Services	\$19,645	147	-	-	-	-	-	-	-	-	-	-	\$19,645	147
Archives Related Services	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Archives II Facility	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Total	\$19,645	147	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$19,645	147
Goal 2: Essential evidence will be easy to access regardless of where it is or where users are for as long as needed														
Records Services	100,054	931	-	-	-	-	2,526	76	14,079	111	55,631	1,151	172,290	2,269
Archives Related Services	8,602	76	-	-	6,000	-	366	-	-	-	-	-	14,968	76
Archives II Facility	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Total	\$108,656	1,007	\$0	0	\$6,000	0	\$2,892	76	\$14,079	111	\$56,631	1,151	\$187,539	2,945
Goal 3: All records will be preserved in appropriate space for use as long as needed														
Records Services	29,180	143	13,518	-	-	-	-	-	-	-	42,186	14	84,884	157
Archives Related Services	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Archives II Facility	23,373	-	-	-	-	-	-	-	-	-	-	-	23,373	-
Total	\$52,553	143	\$13,518	0	\$0	0	\$0	0	\$0	0	\$42,186	14	\$103,237	157

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
INCLUDES ALL FUNDS

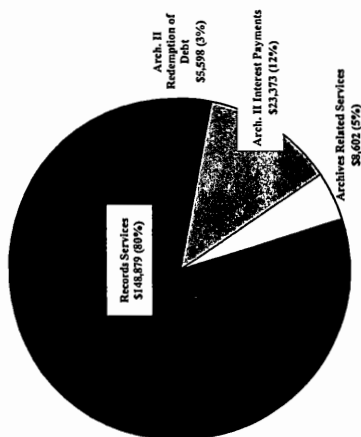
PERFORMANCE COSTS — FISCAL YEAR 2000 (CONTINUED)
(dollars in thousands)

ACTIVITIES	Salaries & Expenses*		Repairs & Restoration		NHRRC		Advances & Reimbursements		Trust Fund		Revolving Fund		Total	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Goal 4: NARA will continuously expand its capabilities to make the changes necessary to realize our vision														
Records Services	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Archives Related Services	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Archives II Facility	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Total	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0
Summary of Goals 1 through 4														
Records Services	\$148,879	1,221	\$13,518	0	\$0	0	\$2,256	76	\$14,079	111	\$97,817	1,165	\$276,819	2,573
Archives Related Services	8,602	76	0	0	6,000	0	366	0	0	0	0	0	14,968	76
Archives II Facility	23,373	0	0	0	0	0	0	0	0	0	0	0	23,373	0
GRAND TOTAL	\$180,854	1,297	\$13,518	0	\$6,000	0	\$2,622	76	\$14,079	111	\$97,817	1,165	\$305,160	2,649

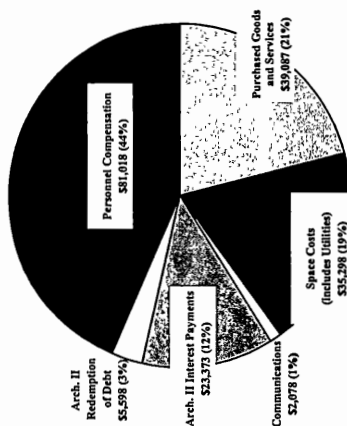
* Does not include Redemption of Debt

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION **Highlights Of 2000 Request -- Operating Expenses** *(dollars in thousands)*

2000 Request
Costs by Program Area



2000 Request
Costs by Major Cost Element



TOTAL: \$186,452

NATIONAL ARCHIVES RECORDS ADMINISTRATION OPERATING EXPENSES (DIRECT)

ANALYSIS OF REQUESTED LEVEL FOR 2000 (dollars in thousands)

	FTE	Amount
Fiscal Year 1999 Level Authorized by Public Law 105-277	1,917	\$224,614
Reappropriation of unobligated balances of Fiscal Year 1998 appropriated funds	-	337
YZK Contingent Emergency Fund	-	6,662
Revised Fiscal Year 1999 Availability Estimates for Fiscal Year 2000	1,917	231,613
	1,297	186,452
Total Change, 1999 to 2000	-620	-\$45,161

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR 2000 (dollars in thousands)

Activity	1998 Actual			1999 Estimate[1]			2000 Estimate			Total Changes			Increases or Decreases (-) for 2000		
	FTE	Amount		FTE	Amount		FTE	Amount		FTE	Amount		FTE	Amount	
Records Services:															
Records Services - Washington, DC	736	\$74,348		812	\$88,170		754	\$86,427		-58	\$1,743		-58	\$-5,633	
Regional Records Services	767	61,074		749	68,966		180	24,333		-569	-44,633		-569	-45,399	
Presidential Libraries	265	31,464		265	35,033		261	35,133		-4	100		-4	-1,000	
Information Security Oversight Office	12	1,358		12	1,681		26	2,985		14	1,303		14	1,244	
Subtotal, Records Services	1,780	168,244		1,838	193,850		1,221	148,879		-617	-44,971		-617	-50,788	
Archives Related Services:															
Federal Register	67	6,453		67	7,196		64	7,092		-3	-104		-3	-337	
National Historical Publications and Records Commission	13	1,449		12	1,596		12	1,510		-	-86		-	-145	
Subtotal, Archives Related Services	80	7,902		79	8,792		76	8,602		-3	-190		-3	-482	
Archives II Facility Interest Payments [2]	-	25,352		-	23,820		-	23,373		-	-447		-	-447	
Total Obligations	1,860	\$201,498		1,917	\$226,462		1,297	\$180,054		-620	-\$45,608		-620	-\$51,217	
Archives II/Redemption of Debt	-	4,739		-	5,151		-	5,598		-	447		-	447	
Total Request - 2000	1,860	\$206,237		1,917	\$231,613		1,297	\$186,452		-620	-\$45,161		-620	-\$51,270	

Note: See each activity for prorated amount of program direction.

- [1] 1999 excludes carryover of 1998 funds of \$249.
[2] See explanation of Archives II financing on page 48.

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
OPERATING EXPENSES (DIRECT)**

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR 2000
(dollars in thousands)

Activity	Records Services		Archives Related Services		Total	
	FTE	Amount	FTE	Amount	FTE	Amount
Program Changes:						
Promote Front-End Records Management	17	\$1,597	-	-	17	\$1,597
Meet Electronic Records Challenges	7	400	-	-	7	400
Expand Opportunities for Access	26	16,891	-	\$502	26	17,393
Meet Storage & Preservation Needs of Growing Quantities of Records	27	5,542	-	-	27	5,542
Conversion of Reimbursable to Revolving Fund & Direct	-694	-60,941	-3	-401	-697	-61,342
Y2K Contingent Emergency Fund	-	-6,329	-	-333	-	-6,662
FY 1998 Reappropriation in FY 1999	-	-337	-	-	-	-337
Storage Needs for Increasing Records *	-	-1,750	-	-	-	-1,750
Expand Opportunities for Access *	-	-1,584	-	-250	-	-1,834
Preservation, Storage, and Duplication *	-	-4,277	-	-	-	-4,277
Total Program Changes	-667	\$-50,748	-3	\$-482	-670	\$-51,230
Other Changes:						
Annualization of 1999 Pay Raise - 3.6%	-	611	-	49	-	660
2000 Pay Raise - 4.4%	-	2,261	-	180	-	2,441
Facility Rate Changes (NARA Facilities)	-	1,434	-	45	-	1,479
Rent Rate Changes (GSA Facilities)	-	138	-	18	-	156
Information Technology Infrastructure Restoration	-	1,373	-	-	-	1,373
Total Other Changes	0	\$5,817	0	\$392	0	\$6,109
Total Changes Compared to 1999	-667	\$-44,931	-3	\$-136	-670	\$-45,166

* Deferred Funding per Public Law 105-277

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
OPERATING EXPENSES (DIRECT)**

RECORDS SERVICES
Analysis of Resources
(dollars in thousands)

Activity	Obligations						Increases or Decreases (-) for 2000					
	1998 Actual		1999 Estimate [1]		2000 Estimate		Total Changes		Program Changes		Other Changes	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Records Services - Washington, D.C.	646	\$62,747	718	\$73,529	683	\$71,230	-35	\$-2,299	-35	\$-4,403	-	\$2,104
Regional Records Services	690	51,170	668	56,468	119	15,955	-549	-40,513	-549	-40,922	-	409
Presidential Libraries	225	26,371	224	28,605	230	30,824	6	2,219	6	1,302	-	917
Information Security Oversight Office	10	1,075	10	1,324	24	2,747	14	1,423	14	1,371	-	52
Subtotal	1,571	141,363	1,620	159,926	1,056	120,756	-564	-39,170	-564	-42,652	0	3,482
Program Direction	209	26,881	218	33,924	165	28,123	-53	-5,801	-53	-8,136	-	2,335
Total	1,780	\$168,244	1,838	\$193,850	1,221	\$148,879	-617	\$-44,971	-617	\$-50,788	0	\$5,817

[1] 1999 excludes carryover of 1998 funds of \$229.

BACKGROUND

Records Services programs cover selecting, preserving, describing, and making available to the general public, scholars, and Federal agencies the permanently valuable historical records of the Federal Government and the historical materials and Presidential records in Presidential Libraries; for preparing related publications, exhibits, and public programs; and for conducting the appraisal of Federal records. Included is the systematic review of all classified records in the National Archives over 25 years old, and the implementation and monitoring of security classification

programs in both Government and industry. Such programs are administered through NARA's Office of Records Services-Washington, D.C.; Office of Regional Records Services; Office of Presidential Libraries; and the Information Security Oversight Office.

1. **Records Services-Washington, D.C.** — This program provides Federal agencies and the public with access to records of the Federal Government. Information regarding these records and reproductions of them are also provided through mail, e-mail, telephone, and fax. Records are arranged and descriptions of their contents are prepared to provide

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION OPERATING EXPENSES (DIRECT)

access and facilitate use of the records. Descriptions of materials are published in guides, inventories, special lists, other publications, and electronically. Exhibits provide additional public access to archival holdings.

This program also appraises records of the Federal Government for disposition and establishes government-wide policies, standards, procedures, and regulations to ensure adequate and appropriate documentation of the Government's activities. Assistance is provided to Federal agencies to ensure the proper creation, maintenance, use, and disposition of agency records, including the development and implementation of records administration programs, as mandated by law.

Included is a declassification program that makes available to the public historically valuable information in previously classified. Federal Government records and donated historical materials by declassifying information without endangering national security. Much of the work is performed in the Washington metropolitan area on records in the National Archives at College Park. Some of this work also is accomplished at the Presidential Libraries of recent Presidents. Under Executive Order 12958, effective October 16, 1995, the program is focused on the systematic review and declassification of classified information in archival records more than 25 years old. The program also provides for review of records requested by researchers in accordance with procedures under Executive Order 12958 and the Freedom of Information Act.

Records Services—Washington, D.C. Program Costs (dollars in thousands)

Activity	1998 Actual	1999 Estimate	2000 Estimate	Change from 1999
Reference Services	\$14,952	\$17,259	\$20,307	\$3,648
Preservation 1/	8,891	10,297	12,187	1,890
Records Life Cycle System	12,575	16,671	16,463	-208
Records Declassification	2,425	2,942	6,105	3,163
Public Programs	1,616	1,863	2,043	180
Rent and Recurring Reimbursable Payments to the Federal Buildings Fund	9,300	10,244	286	-9,958
O&M - NARA Buildings	11,078	12,153	11,793	-360
Common Distributable	1,910	2,100	1,446	-654
Total Program Costs	\$62,747	\$73,529	\$71,230	\$-2,299

1/ Excludes Presidential Libraries.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION OPERATING EXPENSES (DIRECT)

2. Regional Records Services — Outside the Washington, D.C. area, NARA operates a system of individual regional records services facilities in ten regions. Each of the ten regional administrators oversees a program encompassing the full life cycle of records from creation through ultimate disposition and use. Included are records management activities with records creators, records processing, archival accessioning, and provision of records access to the public. Historically valuable records, particularly those of regional interest, are maintained in regional archives, which arrange and preserve the records and prepare finding aids to facilitate their use, make the records available for use in research rooms, answer written and oral requests for information contained in the holdings, and, for a fee, provide copies of the records. In addition, many important original records held in NARA facilities in the Washington, D.C., area are available on microform in regional facilities.

In addition to the archival holdings, regional records services facilities provide space into which Federal agencies retire certain noncurrent records for specified periods. The regional records services facilities provide reference services on approximately 20 million cubic feet of records, which includes retrieving records for the agency of origin, preparing authenticated reproductions of documents, and furnishing information from records. NARA's National Personnel Records Center alone provides maintenance and reference service for 169 million military and civilian personnel folders. The facilities also dispose of records of transitory value and transfer into archival custody those that have enduring value. The facilities also offer to Federal agencies in the regions technical assistance workshops and advice on records creation and management. In FY 2000, activities reflected in this paragraph transfer to the newly established Revolving Fund.

3. Presidential Libraries — This program provides for the operation of ten Presidential Libraries, the Presidential Materials Staff in Washington, D.C., and the retention and processing of Nixon Presidential materials. Presidential records, manuscripts, books, prints, films, and other historical materials received from former Presidents or acquired from their contemporaries pursuant to the Presidential Records Act of 1978 are arranged, described, preserved, and processed for opening to the public. Finding aids are published and assistance is provided to scholars and other researchers. The libraries also solicit donations of historical materials relating to Presidents and the Presidency. The Presidential Libraries have programs of exhibits, publications, scholarly symposia, conferences, and related activities based upon their holdings. Preservation actions include making copies of Presidential films and tapes, conserving museum items, and preserving color photos.

Selected library holdings at the close of 1998 were as follows:

	(thousands)
Pages of manuscripts	315,228
Audio (hours)	42
Video (hours)	38
Still pictures	6,751
Museum objects	350
Motion picture film footage	14,536

Exhibits in Presidential Libraries were viewed by 1,410,141 visitors in 1998.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION OPERATING EXPENSES (DIRECT)

Presidential Libraries Program Costs (dollars in thousands)

Activity	1998 Actual	1999 Estimate	2000 Estimate	Change from 1999
Hoover	\$877	\$952	\$933	\$-19
Roosevelt	696	777	750	-27
Truman	864	961	943	-18
Eisenhower	1,265	1,362	1,478	116
Kennedy	1,395	1,544	1,784	240
Johnson	1,444	1,545	1,844	299
Nixon Pres. Materials	1,298	1,444	1,739	295
Ford	1,114	1,220	1,533	313
Carter	1,261	1,348	1,926	578
Reagan	1,235	1,238	1,232	-6
Bush	1,086	1,200	1,192	-8
Presidential Materials Staff	506	644	671	27
Planning and Direction	876	1,015	1,304	289
Rent and Research Reimbursable to the Federal Buildings Fund	5	11	12	1
O&M - NARA Buildings	608	684	632	-52
O&M - Libraries	11,514	12,292	12,595	303
Common Distributable	327	368	256	-112
Total Program Costs	\$26,371	\$28,605	\$30,824	\$2,219
Preservation included above.	\$325	\$500	\$500	\$0

4. Information Security Oversight Office (ISOO) — The Information Security Oversight Office provides oversight for the information security program established by Executive Order 12958 and reports annually to the President on the status of that program. This involves monitoring the information security programs of approximately 80 executive branch agencies. It is also responsible for policy oversight for the National Industrial Security Program established under Executive Order 12829.

5. Program Direction — This activity provides general direction and program support for all NARA programs. Direction is provided by the Archivist and a policy, communications, legal, and administrative staff. The Archivist's staff coordinates the offices' programs; provides legal advice; promotes the efficient utilization of resources; maintains liaison activities with the Congress; provides policy on budget and human resources matters; conducts audits; manages facilities and the procurement program; evaluates programs; and coordinates information technology systems. An additional major responsibility of this staff is to coordinate and oversee the agency's strategic planning process. This includes management of strategic and annual performance plans, all related customer service programs, and performance measurement systems.

NARA is committed to streamlining operations, enhancing productivity, and creating innovation. NARA is continuing business process design efforts in both archival and administrative areas as part of an on-going effort to improve management oversight and internal efficiency. NARA is also creating an agency-wide information technology architecture that will make possible access to shared reference data throughout the records life cycle in a consistent and compatible manner; promote the technological integration of all sites; and involve technologies that are secure, maintainable, and reusable.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION OPERATING EXPENSES (DIRECT)

In response to the Administration's policy of reducing administrative support costs, NARA has a cross-servicing agreement with GSA for payroll and accounting services. NARA continues to contract out Washington, D.C. area mail service and monitoring of the unemployment program. Human resources management services are provided nationwide through a centralized employment policy branch in Washington, D.C., and an operations branch in St. Louis, Missouri.

Program direction staff are responsible for all aspects of facility management for the National Archives Building and the Archives II facility, including security, operation, and maintenance. In addition, staff provides management oversight for major repair and alteration projects at the National Archives Building, the Archives II facility at College Park, Maryland, and Presidential Libraries located at facilities around the country.

Records Services Performance Costs (dollars in thousands)

Goals and Activities	1998 Actual	1999 Estimate	2000 Estimate	Change from 1999
Essential evidence will be created, identified, appropriately scheduled, and managed for as long as needed.	\$13,096	\$19,520	\$19,645	\$125
Essential evidence will be easy to access regardless of where it is or where users are for as long as needed.	107,463	120,769	100,054	-20,715
All records will be preserved in appropriate space for use as long as needed.	47,685	53,561	29,180	-24,381
NARA will continuously expand its capabilities to make the changes necessary to realize our vision.	-	-	-	-
Total Performance Costs	\$168,244	\$193,850	\$148,879	\$-44,971

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION OPERATING EXPENSES (DIRECT)

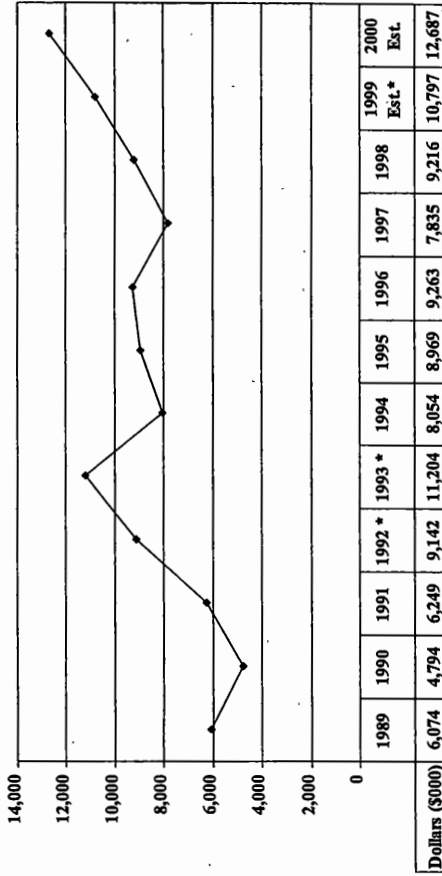
EXPLANATION OF CHANGES, 1999 VERSUS 2000

Program changes. The budget request reflects a net decrease of \$50,788,000 and 617 FTE. This includes decreases of \$60,941,000 and 694 FTE for the new NARA revolving fund for Federal records centers, \$1,750,000 for storage needs for increasing records, \$1,584,000 to expand opportunities for access, \$4,277,000 for preservation, storage, and duplication, \$6,329,000 for the Y2K Contingent Emergency Fund, and \$337,000 for FY 1998 reappropriation of funds into FY 1999. These decreases are offset by increases of \$1,597,000 and 17 FTE to promote front-end records management, \$400,000 and 7 FTE to meet electronic

records challenges, \$16,891,000 and 26 FTE to expand opportunities for access, and \$5,542,000 and 27 FTE to meet storage and preservation needs of growing quantities of records.

Other changes. An increase of \$5,817,000 includes \$611,000 for annualization of the 1999 pay raise, \$2,261,000 for the 2000 pay raise, \$1,434,000 for facility rate changes (NARA facilities), \$138,000 for payment to the Federal Buildings Fund for Rent rate changes (GSA facilities), and \$1,373,000 for restoration of the information technology infrastructure.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
Preservation Program Obligations
1989 - 2000



* Reflects increases from one-time costs

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION OPERATING EXPENSES (DIRECT)

ARCHIVES RELATED SERVICES

Analysis of Resources
(dollars in thousands)

Activity	Obligations				Increases or Decreases (-) for 2000					
	1998 Actual		1999 Estimate [1]		2000 Estimate		Total Changes		Program Changes	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Federal Register	58	\$5,321	58	\$5,768	58	\$6,134	-	\$366	-	\$175
National Historical Publications and Records Commission	11	1,166	10	1,239	10	1,271	-	32	-	-18
Subtotal	69	6,487	68	7,007	68	7,405	0	398	0	157
Program Direction	11	1,415	11	1,785	8	1,197	-3	-588	-3	-639
Total	80	\$7,902	79	\$8,792	76	\$8,602	-3	\$-190	-3	\$-822

[1] 1999 excludes carryover of 1998 funds of \$20.

BACKGROUND

Archives Related Services include two special services that are archival related in the Federal government. One is the publication of the *Federal Register*, the *Code of Federal Regulations*, the *U.S. Statutes at Large*, and Presidential documents. The other is the administration and reference services portion of the budget for the National Historical Publications and Records Commission. This Commission makes grants nationwide to preserve and publish records that document American history. This section also describes program direction for NARA as a whole.

1. **Federal Register** — This program provides for the editing, compilation, and publication of Federal regulations in the *Federal Register* and the *Code of Federal Regulations*; laws in slip form and the *U.S. Statutes at Large*; Presidential documents in the *Weekly Compilation of Presidential Documents* and *Public Papers of the Presidents*; a compilation of Privacy Act issuances; and statements of Federal agency organization and functions in the *United States Government Manual*.

The program also provides leadership and assistance to agencies in drafting regulations; assists the public in using its publications by providing finding aids; and conducts educational programs for the public

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION OPERATING EXPENSES (DIRECT)

on how to use the *Federal Register*. In Presidential election years, the *Federal Register* program administers the Electoral College process.

2. National Historical Publications and Records Commission (NHPRC) — The NHPRC makes grants nationwide to preserve and publish records that document American history. Administered within the National Archives and Records Administration, which preserves Federal records, the NHPRC helps state and local governments and private institutions preserve non-Federal records, helps historians publish the papers of major figures in American history from George Washington to Martin Luther King, Jr., and helps archivists and records managers improve their techniques, training, and ability to serve a wide range of information users—teachers, students, lawyers, judges, legislators, journalists, documentary film and TV producers, genealogists, and government officials as well as historians and other scholars. The Commission is a statutory body chaired by the Archivist of the U.S. Its 15 members represent the President, the Congress, the Supreme Court, the Departments of State and Defense, the Library of Congress, and six national associations of archivists and historians. The Commission uses grants to leverage funding contributions from state legislatures, local governments and private donors, who provide on the average more than 50 percent of the costs of projects assisted by the NHPRC. The Commission's grant appropriation will advance the progress the NHPRC is making in carrying out its strategic plan, which currently gives priority to funding publication of the papers of the Founding Fathers, helping archivists develop techniques for preserving and providing access to electronic records, and helping historical records advisory boards in every state develop statewide programs for historical documentary preservation. The administrative costs of the Commission's small staff are covered here, within the administrative budget of the National Archives and Records Administration.

3. Program Direction — This activity provides for general direction and program support for all NARA programs. Direction is provided by the Archivist and a policy, communications, and administrative staff. The Archivist's staff coordinates the offices' programs; provides legal advice; promotes the efficient utilization of resources; maintains liaison activities with the Congress; provides policy on budget and human resources matters; conducts audits; manages facilities and the procurement program; evaluates programs; and coordinates information technology systems. An additional major responsibility of this staff is to provide coordination and oversight of the agency's strategic planning process. This includes management of the development and implementation of strategic and annual performance plans, all related customer service programs, and performance measurement systems.

NARA is committed to streamlining operations, enhancing productivity, and creating innovation. NARA is continuing business-process design efforts in both archival and administrative areas as part of an on-going effort to improve management oversight and internal efficiency. NARA is also creating an agency-wide information technology architecture that will make possible access to shared reference data throughout the records life cycle in a consistent and compatible manner; promote the technological integration of all sites; and involve technologies that are secure, maintainable, and reusable.

In response to the Administration's policy of reducing administrative support costs, NARA has a cross-servicing agreement with GSA for payroll and accounting services. NARA continues to contract out Washington, D.C., area mail service and monitoring of the unemployment program. Human resources management services are provided nationwide through a centralized employment policy branch in Washington, D.C., and an operations branch in St. Louis, Missouri.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION OPERATING EXPENSES (DIRECT)

Program direction staff are responsible for all aspects of facility management for the National Archives Building and the Archives II facility, including security, operation, and maintenance. In addition, staff provides management oversight for major repair and alteration projects at the National Archives Building, the Archives II facility at College Park, Maryland, and Presidential Libraries located at facilities around the country.

EXPLANATION OF CHANGES, 1999 VERSUS 2000

Program changes. The budget request reflects a net decrease of \$482,000 and 3 FTE. This includes a net increase of \$252,000 to expand opportunities for access, and decreases of \$401,000 and 3 FTE for the new NARA revolving fund for Federal records centers, and \$333,000 for the Y2K Contingent Emergency Fund.

Other changes. An increase of \$292,000 includes \$49,000 for the annualization of the 1999 pay raise, \$180,000 for the 2000 pay raise, \$45,000 for facility rate changes (NARA facilities), and \$18,000 for payment to the Federal Buildings Fund for Rent rate changes (GSA facilities).

Archives Related Services Performance Costs (dollars in thousands)

Goals and Activities	1998 Actual	1999 Estimate	2000 Estimate	Change from 1999
Essential evidence will be created, identified, appropriately scheduled, and managed for as long as needed.	-	-	-	-
Essential evidence will be easy to access regardless of where it is or where users are for as long as needed.	\$7,902	\$8,792	\$8,602	\$-190
All records will be preserved in appropriate space for use as long as needed.	-	-	-	-
NARA will continuously expand its capabilities to make changes necessary to realize our vision.	-	-	-	-
Total Performance Costs	\$7,902	\$8,792	\$8,602	\$-190

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION OPERATING EXPENSES (DIRECT)

ARCHIVES II FINANCING *(dollars in thousands)*

BACKGROUND

PL 100-440 (102 Stat. 1743-44), the NARA appropriation section, provided authorization for the construction of Archives II as follows:

"That notwithstanding the provisions of 31 U.S.C. 1341(a)(1) or any other provision of law, the Archivist of the United States is authorized, pursuant to 44 U.S.C. 2903, to enter into a contract for construction and related services for a new National Archives facility in Prince George's County, Maryland, on a site provided, without charge, to the United States by the University of Maryland or the State of Maryland, which site may be transferred to the United States by less than fee simple estate, but shall remain available to the United States so long as it shall be used as a National Archives facility. The contract shall provide, by lease or installment payments payable out of annual appropriations over a period not to exceed thirty years, for the payment of the purchase price and associated costs, which shall not exceed \$205,000,000 plus escalation to the midpoint of construction, and reasonable interest thereon. The contract shall further provide that title to the building shall vest in the United States at or before the expiration of the contract term upon fulfillment of the terms and conditions of the contract."

The authorizing language for Archives II permitted the Archivist to enter into a contract for construction and related services either by lease or by installment payments payable out of annual appropriations over a period not to exceed 30 years.

Budget authority equal to the debt issue was scored in the year Certificates of Participation were issued (1989). Obligations reflect interest payments made to certificate holders and payments made for accrued interest and premiums when securities are purchased on the secondary market. Outlays reflect payments to certificate holders, payments for accrued interest and premiums paid when securities are purchased, and payments to GSA to repay amounts spent on construction. Outlays are reduced by offsetting collections in the form of interest earned on the funds which are invested until needed to make payments. Beginning in 1994, the Archives sought appropriations for the annual payments to be made under the terms of the Certificates of Participation. In accordance with OMB's guidance, the total payment (\$29 million) must be separated into a principal and interest component. The portion that represents principal is to be treated as an appropriation for the redemption of debt and excluded from the budget authority and outlay amounts. The portion that represents interest will be reported as budget authority and outlays.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION OPERATING EXPENSES (DIRECT)

2000 BUDGET DISPLAY

	1998 Actual	1999 Estimate	2000 Estimate
Appropriation for			
Redemption of Debt	\$4,739	\$5,151	\$5,598
Budget Authority	\$24,232	\$23,820	\$23,373
Obligations	\$25,352	\$23,820	\$23,373
Outlays	\$23,898	\$24,484	\$23,373

FISCAL YEAR 2000 (and beyond) REQUIREMENT:

Beginning in 1990, the Archives began certificate payments utilizing funding from the debt issue. However, beginning in fiscal year 1994 funding was required from appropriated funds as funds raised by the debt issue and/or the interest earned thereon were depleted. Final payment is anticipated in the year 2019 for the Archives II facility.

Total funding in 2000 includes \$23,373,000 in budget authority for the payment of interest to certificate holders and \$5,598,000 for the redemption of debt.

Archives II Financing Performance Costs (dollars in thousands)

Goals and Activities	1998 Actual	1999 Estimate	2000 Estimate	Change from 1999
Essential evidence will be created, identified, reorganized, scheduled, and managed for as long as needed.	-	-	-	-
Essential evidence will be easy to access regardless of where it is or where users are for as long as needed.	-	-	-	-
All records will be preserved in appropriate space for use as long as needed	-	-	-	-
Budget Authority	\$24,232	\$23,820	\$23,373	\$-447
Redemption of Debt	4,739	5,151	5,598	447
NARA will continuously expand its capabilities to make changes necessary to realize our vision.	-	-	-	-
Total Performance Costs	\$28,971	\$28,971	\$28,971	\$0

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
OPERATING EXPENSES (DIRECT)**

DISTRIBUTION OF ESTIMATES BY OBJECT CLASS
(dollars in thousands)

	Object Classification	1998 Actual	1999 [1], [3] Estimate	2000 Estimate
11.1	Full-Time Permanent	\$71,718	\$78,046	\$63,054
11.3	Other than Full-Time Permanent	2,795	3,041	2,394
11.5	Other Personnel Compensation	1,498	1,630	1,280
11.0	Total Personnel Compensation	76,011	\$82,717	\$66,728
12.1	Personnel Benefits	16,395	17,837	14,075
13.0	Benefits for Former Personnel	278	215	215
21.0	Travel and Transportation of Persons	872	937	1,201
21.0	Motor Pool Travel	122	122	113
22.0	Transportation of Things	112	112	106
23.1	Rental Payments to GSA	28,667	31,658	5,351
23.3	Communications, Utilities and Misc Charges	8,879	9,117	7,705
24.0	Printing and Reproduction	1,664	1,664	1,603
25.1	Advisory and Assistance Services	417	1,641	431
25.2	Other Services	26,374	28,141	33,047
25.4	Operation & Maintenance of Facilities	5,583	8,300	8,715
25.7	Operation & Maintenance of Equipment	2,613	3,082	3,161
26.0	Supplies and Materials	3,370	4,578	5,963
31.0	Equipment	3,355	10,766	9,062
32.0	Land and Structures	1,364	1,753	3
41.0	Grants	68	0	0
42.0	Insurance Claims and Indemnities	2	2	2
43.0	Subtotal Obligations	76,146	\$80,642	\$57,481
43.0	Interest and Dividends - Archives II [2]	25,352	23,820	23,373
99.0	Total Obligations Related to B.A.	201,498	\$236,402	\$80,854
43.0	Archives III/Redemption of Debt	4,739	5,151	5,598
Total Required		\$206,237	\$241,553	\$86,452

[1] 1999 includes \$337 for the reappropriation of unobligated balances of 1998 appropriated funds.

[2] See explanation of Archives II financing on page 48.

[3] Excludes 1998 carryover funds of \$249, including \$20 for grants, \$40 for Kennedy Library alterations, \$148 for electronic public access, and \$41 for recycling.

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
OPERATING EXPENSES (DIRECT)**

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

- 11 Personnel Compensation** - \$66,728,000. For 1,297 FTE; of this amount, \$4,319,000 is for 77 additional FTE.
- 12 Personnel Benefits** - \$14,075,000. Includes \$610,000 in benefits for additional personnel. Provides for the government's contribution to the retirement fund; health benefits; group life insurance; FICA and Medicare hospital insurance; accident compensation; and moving allowances.
- 13 Benefits for Former Personnel** - \$215,000. Provides for unemployment compensation payments to former Federal employees.
- 21 Travel and Transportation of Persons** - \$1,314,000. Provides \$792,000 for travel required to conduct activities of NARA, including inspection and oversight of field activities and \$113,000 for motor pool services. Also, includes increases of \$208,000 to Promote Front-End Records Management; \$81,000 to Expand Opportunities for Access; and \$120,000 to Meet Storage and Preservation Needs of Growing Quantities of Records.
- 22 Transportation of Things** - \$106,000. Provides \$104,000 for accessioning and transfer of records, supplies and equipment by commercial carrier. Also, includes an increase of \$2,000 to Expand Opportunities for Access.
- 23.1 Rental Payments to GSA** - \$5,351,000. For payment to the Federal Buildings Fund for space rental.
- 23.3 Communications, Utilities and Miscellaneous Charges** - \$7,705,000. Includes \$1,135,000 for communications services, including local and long distance telephone charges; \$643,000 for postage and overnight delivery service costs; and \$5,627,000 for utilities to operate the National Archives building, Presidential Libraries, and the Archives II facility. Also, includes an increase of \$300,000 to Expand Opportunities for Access.
- 24 Printing and Reproduction** - \$1,603,000. Includes \$1,543,000 for printing *Federal Register* publications by GPO, document containers' labels, archival inventories, finding aids, and administrative instructional materials. Includes printing for records services operation and for reproducing handbooks, reports and regulations. Also includes an increase of \$60,000 to Expand Opportunities for Access.
- 25.1 Advisory and Assistance Services** - \$431,000. Provides analytical and technical support for the quality control and administration of the Archives II facility support contract.
- 25.2 Other Services** - \$33,047,000. Includes \$4,223,000 for various contractual services, such as training, security clearances, ADP equipment maintenance and ADP interagency agreements; \$980,000 for payments to GSA for accounting and payroll services; \$14,888,000 for security (guard service) for the Presidential Libraries. It also includes security (guard service) for Archives I and II which is not included in object class 25.4; buildings operation and maintenance and building supplies for the Presidential Libraries through commercial contractors and the

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION OPERATING EXPENSES (DIRECT)

Federal Buildings Fund (GSA); \$717,000 for payment to the Federal Buildings Fund for recurring reimbursable services. Also, includes increases of \$273,000 to Promote Front-End Records Management; \$9,494,000 to Expand Opportunities for Access; and \$2,472,000 to Meet Storage and Preservation Needs of Growing Quantities of Records.

25.4 Operation and Maintenance of Facilities - \$8,715,000. Provides facility program management, building systems operations and maintenance, housekeeping, supply support, transportation services, physical fitness center at Archives I and II, and cafeteria operations at Archives II.

25.7 Operation and Maintenance of Equipment - \$3,161,000. Provides for a contractor to operate the Government Owned Contractor Operated (GOCO) Data Center. The data center will provide operation and maintenance of data communications and administrative processing to support all organizations in the Archives II facility.

26 Supplies and Materials - \$5,963,000. Includes \$2,531,000 for program supplies, including cardboard document containers, records repair and encapsulation supplies, and exhibit supplies; and

\$594,000 for administrative supplies and materials. Also, includes increases of \$1,035,000 to Expand Opportunities for Access; and \$1,803,000 to Meet Storage and Preservation Needs of Growing Quantities of Records.

31 Equipment - \$9,062,000. Includes \$4,073,000 for ADP and administrative equipment; and \$834,000 for program and preservation equipment. Also, includes increases of \$55,000 to Promote Front-End Records Management; \$3,951,000 to Expand Opportunities for Access; and \$149,000 to Meet Storage and Preservation Needs of Growing Quantities of Records.

32 Land and Structures - \$3,000. For preservation map cabinets and shelving.

42 Insurance Claims & Indemnities - \$2,000. For insurance claims.

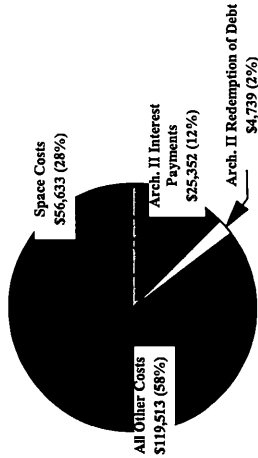
43 Interest and Dividends - \$28,971,000. \$23,373,000 for interest payments to certificate holders and \$5,598,000 for the redemption of debt on the Archives II facility.

APPROPRIATION LANGUAGE

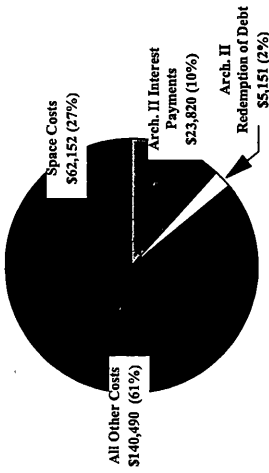
For necessary expenses in connection with the administration of the National Archives (including the Information Security Oversight Office) and *archived Federal* records and related activities, as provided by law, and for expenses necessary for the review and declassification of documents, and for the hire of passenger motor vehicles, [\$224,614,000: *Provided*, That of the amount provided, \$7,861,000 shall not be available for obligation until September 30, 1999]: *\$186,452,000: Provided* [further], That the Archivist of the United States is authorized to use any excess funds available from the amount borrowed for construction of the National Archives facility, for expenses necessary to provide adequate storage for holdings. (1 U.S.C. 106a, 106b, 112, 113, 201; 3 U.S.C. 6, 11-13; 4 U.S.C. 141-146; 5 U.S.C. App. 1; 25 U.S.C. 199a; 44 U.S.C. 710, 711, 729, *Chapters 15, 21, 22, 23, 29, 31, 33; Public Law 98-497, Public Law 93-526, Executive Orders 11440, 10530, 11030, 12656, 12958; Independent Agencies Appropriations Act, 1999, as included in Public Law 105-277, section 101(h).)*

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
Space Costs as a Proportion of Direct Budget -- Operating Expenses
(dollars in thousands)

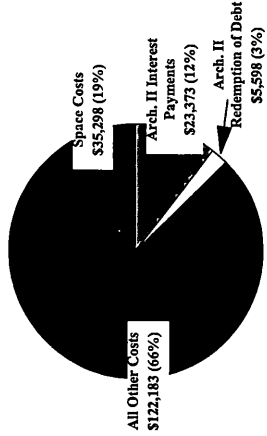
1998 Actual \$206,237



1999 Estimate \$231,613



2000 Estimate \$186,452



	1998		1999		2000	
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
Rent *		\$28,667	\$31,658		\$5,351	
Operation and Maintenance Costs		27,197	29,567		29,230	
Recurring and Non-Recurring Reimbursables		769	927		717	
TOTAL		\$56,633	\$62,152		\$35,298	

* Excludes Rent costs paid from OE, NARA Reimbursable account (1998 - \$11.5 million; 1999 - \$12.2 million; 2000 - Reimbursable Rent and a portion of Direct Rent costs transfer to the newly established Revolving Fund, \$38.7 million).

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
REPAIRS AND RESTORATION**

ANALYSIS OF REQUESTED LEVEL FOR 2000
(dollars in thousands)

	Amount
Level Appropriated by Public Law 105-277 (Treasury, Postal Service, and General Government Appropriations Act of 1999)	\$11,325
2000 Total Request	\$13,518
Total Change, 1999 to 2000	\$2,193

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR 2000
(dollars in thousands)

Activity	1998 Actual Amount	1999 Estimate Amount	2000 Estimate Amount	Total Changes Amount
REPAIRS AND RESTORATION FUND:				
Archives Facilities and Presidential Libraries	\$9,166	\$11,325	\$13,518	\$2,193
Total Repairs and Restoration	\$9,166	\$11,325	\$13,518	\$2,193

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION REPAIRS AND RESTORATION

BACKGROUND

In the fiscal year 1996 Treasury, Postal Service, and General Government Appropriations Act, Congress provided a separate account for the repairs and restoration of Archives facilities and Presidential Libraries, which will remain available until expended. The purpose of this account is to provide ongoing funds specifically for the repairs, alteration, and improvement of Archives facilities and Presidential Libraries nationwide. It will better enable the National Archives and Records Administration (NARA) to maintain its facilities in proper condition for public visitors, researchers, and employees in NARA facilities, and also maintain the structural integrity of the buildings.

JUSTIFICATION OF REQUESTED INCREASES

In 2000 the request of \$13,518,000 includes \$4,450,000 for the ongoing repairs and restoration program, which allows NARA to plan effectively for the systematic repair and restoration of the Presidential Libraries, the National Archives Building, and Archives II, buildings that NARA is responsible for operating and maintaining.

In addition to funding the ongoing repairs and restoration requirements for these NARA facilities, the request includes \$8,568,000 for the renovation of the National Archives Building, and \$500,000 for a regional space plan. The justification for these increases are contained in the Justification of Requested Increases section of this budget.

Repairs and Restoration Performance Costs (dollars in thousands)

Goals and Activities	1998 Actual	1999 Estimate	2000 Estimate	Change from 1999
Essential evidence will be created, identified, appropriately scheduled, and managed for as long as needed.	-	-	-	-
Essential evidence will be easy to access regardless of where it is or where users are for as long as needed.	-	-	-	-
All records will be preserved in appropriate space for use as long as needed.	\$9,166	\$11,325	\$13,518	\$2,193
NARA will continuously expand its capabilities to make the changes necessary to realize our vision.	-	-	-	-
Total Performance Costs	\$9,166	\$11,325	\$13,518	\$2,193

EXPLANATION OF CHANGES, 1999 VERSUS 2000

The budget request reflects an increase of \$2,193,000 over the FY 1999 level. This includes increases of \$8,568,000 for the Archives I renovation, and \$500,000 for a regional space plan. These increases are offset by decreases of \$4,000,000 to design and construct new enclosures for the Charters of Freedom, \$2,000,000 for a concept design for the renovation of the National Archives Building, and \$875,000 for a requirements study and design of the National Archives Anchorage, Alaska facility.

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
REPAIRS AND RESTORATION**

DISTRIBUTION OF ESTIMATES BY OBJECT CLASS
(dollars in thousands)

Object Classification	1998 Actual	1999 Estimate	2000 Estimate
12.1 Civilian Personnel Benefits	53	-	-
21.0 Travel	1	-	-
22.0 Transportation of Things	421	-	-
23.3 Communications, Utilities and Misc. Charges	25	-	-
25.5 Other Services	8,414	11,325	13,518
26.0 Supplies and Materials	103	-	-
31.1 Equipment	149	-	-
Total	\$9,166	\$11,325	\$13,518

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

25.2 Other Services - \$13,518,000. Includes \$4,450,000 for the ongoing repairs and restorations program; \$500,000 for a regional space plan; and \$8,568,000 for the renovation of the National Archives Building.



APPROPRIATION LANGUAGE

For the repair, alteration, and improvement of archives facilities, and to provide adequate storage for holdings, [\$1,325,000] \$13,518,000, to remain available until expended, [of which \$2,000,000 is for an architectural and engineering study for the renovation of the Archives I facility, and of which \$4,000,000 is for encasement of the Charters of Freedom, and of which \$875,000 is for a requirements study and design of the National Archives Anchorage, Alaska, facility]. *(Independent Agencies Appropriations Act, 1999, as included in Public Law 105-277, section 101(h).)*

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
GRANTS**

ANALYSIS OF REQUESTED LEVEL FOR 2000
(dollars in thousands)

	Amount
Level Appropriated by Public Law 105-277 (Treasury, Postal Service, and General Government Appropriations Act of 1999)	\$10,000
2000 Estimate	\$6,000
Total Changes, 1999 to 2000:	\$-4,000

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR 2000
(dollars in thousands)

Activity	1998 Actual	1999 Estimate	2000 Estimate	Total Changes
	Amount	Amount	Amount	Amount
NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION:				
Grants	\$5,714	\$10,000	\$6,000	\$-4,000
Total Grants	\$5,714	\$10,000	\$6,000	\$-4,000

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION GRANTS

BACKGROUND

The mission of the National Historical Publications and Records Commission (NHPRC): The NHPRC's statutory mission is to ensure understanding of our nation's past by promoting, nationwide, the identification, preservation, and dissemination of essential historical documentation. The NHPRC provides leadership in the education of archivists and documentary editors and in the development of improved tools and techniques for their work; makes possible the publication of the papers of major leaders and events in American history; supports research and development into electronic records issues; and collaborates with the states on projects to ensure the protection and accessibility of state and local records.

Promoting the identification, preservation, and public access to essential historical documentation: The National Archives and Records Administration and the NHPRC together are ensuring that essential American historical documentation—the raw material of history—is available for future generations of Americans. NARA protects Federal records of historical value. NHPRC helps non-federal institutions through grants to state and local archives, colleges and universities, libraries, historical societies, and other nonprofit organizations throughout the U.S. The Archivist of the U.S. chairs the Commission and makes grants on its recommendation.

Publishing the papers of great American leaders and events: With NHPRC assistance, historians are locating, editing and publishing papers of founding fathers such as Washington, Jefferson, Madison and Franklin, and records of the ratification of the Constitution, the First Federal Congress, the early Supreme Court, and the Freedman's Bureau. The NHPRC is assisting scholars who have tracked down court records

and numerous Lincoln papers (including the longest yet known in his handwriting) which document Lincoln's legal career and are preparing them for publication on CD-ROM. Other ongoing NHPRC publications projects include the papers of Dwight D. Eisenhower, General George C. Marshall, Senator Robert Taft, and Dr. Martin Luther King, Jr.

Overcoming the obstacles and taking advantage of the opportunities posed by electronic technologies: To help the archival and historical fields as a whole cope with the ever-increasing amount of important documentary source material which is created in electronic form, the NHPRC supports research into solutions for widespread problems that each institution could not cost-effectively or non-redundantly solve for itself. The NHPRC established one of the first research agendas for electronic records issues and is providing leadership through grants, educational programs, best practices manuals, and conferences. For example, an NHPRC grant is helping the University of South Carolina's Model Editions Project develop standardized techniques for documentary scholars to publish documentary editions electronically via CD-ROM and the Internet.

Strengthening the nation's archival infrastructure: NHPRC grants are helping state historical records advisory boards—volunteer groups in every state and territory—to survey their documentary resources and needs, set priorities, and make plans for the most effective use of each state's resources. In several states, legislatures have appropriated funds to match NHPRC grants to carry out those plans and meet those needs. In most states, the boards also are fostering cooperation and partnerships among existing institutions and organizations, where these approaches are more effective in saving important records and ensuring their use. Nationally, NHPRC is working with the states collaboratively to address

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION GRANTS

issues that cut across state boundaries and to promote wide adoption of best practices.

JUSTIFICATION OF THE REQUEST

NHPRC's plan: The Congress authorized appropriations in recognition of the need to carry out a strategic plan for American historical documentation that the Commissioners adopted and presented to Congress. The plan sets forth the three broad goals, and an outline of other projects eligible for support within the Commission's statutory mission.

The current request: The Administration's budget request for NHPRC grants for fiscal year 2000 of \$6,000,000 will enable the Commission to achieve progress towards meeting its three goals:

- o to ensure the timely completion of eight projects now in progress to publish the papers of George Washington, John Adams, Benjamin Franklin, Thomas Jefferson, James Madison, and papers that document the Ratification of the Constitution, the First Federal Congress, and the early Supreme Court;
- o to promote broad public participation in historical documentation by collaborating with State Historical Records Advisory Boards to plan and carry out jointly funded programs to strengthen the nation's archival infrastructure and expand the range of records that are protected and accessible;
- o to enable the nation's archivists, records managers, and documentary scholars to overcome the obstacles and take advantage of the opportunities posed by electronic technologies

by continuing to provide leadership in funding research and development on appraising, preserving, disseminating, and providing access to important documentary sources in electronic form.

Other projects eligible for support with the Commission's statutory mission include projects to protect and make accessible historically significant records, to publish documentary editions in addition to the eight founding-era projects judged to be of critical importance, and to improve the methods, tools, and training of professionals engaged in archival and documentary work.

Administration and Reference Services

Administration and Reference Services, which represents staffing and other operating expenses for the National Historical Publications and Records Commission, are included in the archives related services operating expenses portion of the National Archives and Records Administration budget.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION GRANTS

EXPLANATION OF CHANGES, 1999 VERSUS 2000

Grants Performance Costs (dollars in thousands)

Program Changes: The budget request reflects a decrease of \$4,000,000 from the FY 1999 level.

Goals	1998 Actual	1999 Estimate	2000 Estimate	Change from 1999
Essential evidence will be created, identified, appropriately scheduled, and managed for as long as needed.	-	-	-	-
Essential evidence will be easy to access regardless of where it is or where users are for as long as needed.	\$5,714	\$10,000	\$6,000	\$-4,000
All records will be preserved in appropriate space for use as long as needed.	-	-	-	-
NARA will continuously expand its capabilities and make the changes necessary to realize our vision.	-	-	-	-
Total Performance Costs	\$5,714	\$10,000	\$6,000	\$-4,000

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
GRANTS

DISTRIBUTION OF ESTIMATES BY OBJECT CLASS
(dollars in thousands)

Object Classification	1998 Actual	1999 Estimate	2000 Estimate
41.0 Grants, Subsidies and Contributions	\$5,714	\$10,000	\$6,000

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

41.0 Grants, Subsidies and Contributions. Includes \$6,000,000 for NHPRC grants activity.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION GRANTS

APPROPRIATION LANGUAGE

For necessary expenses for allocations and grants for historical publications and records as authorized by 44 U.S.C. 2504, as amended, [\$10,000,000] \$6,000,000 to remain available until expended; *Provided*, That of the amount provided, \$4,000,000 shall not be available for obligation until September 30, 1999]. (*Independent Agencies Appropriations Act, 1999, as included in Public Law 105-277, section 101(h).*)

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
ADVANCES AND REIMBURSEMENTS**

ANALYSIS OF REQUESTED LEVEL FOR 2000
(dollars in thousands)

	FTE	Amount
1999 Revised Level of Reimbursable Services	544	\$32,055
2000 Level of Reimbursable Services	76	2,892
Change from 1999 to 2000	-468	\$-29,163

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR 2000
(dollars in thousands)

Activity	Summary						Increases or Decreases (-) for 2000					
	1998 Actual		1999 Estimate		2000 Estimate		Total Changes		Program Changes		Other Changes	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Records Services	456	\$31,638	544	\$31,698	76	\$2,526	-468	\$-29,172	-468	\$-17,053	-	\$-12,119
Archives Related Services	-	387	-	357	-	366	-	9	-	-	-	9
Total	456	\$32,025	544	\$32,055	76	\$2,892	-468	\$-29,163	-468	\$-17,053	0	\$-12,119

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION ADVANCES AND REIMBURSEMENTS

OVERVIEW OF NARA REIMBURSABLE PROGRAMS

Beginning in 2000, the National Archives and Records Administration (NARA) is requesting that a working capital fund be established and made available for the expenses and equipment necessary to provide for accessioning, reference, refiling, storage, servicing, preservation, disposal, and related services for all temporary and pre-archival Federal records to be stored or stored at Federal national and regional records services centers by Federal agencies and other instrumentalities of the Federal government. It is for this reason that the reimbursable budget request of 2000 has been substantially decreased from 1999. (See the Revolving Fund section of this overall Agency budget request.)

Records Services include the reimbursable activity at thirteen (13) regional archives facilities, NARA's Central Office archives facilities, and select participating Presidential Libraries. Services provided include photocopy services on the agency's permanently archived records for the National Archives Trust Fund Board. The Board reimburses these programs for service costs incurred. In addition, these organizations offer specialized training and workshops on archiving potentially permanent Federal records, and provide reimbursable services to agencies for special projects. Also, declassification services are offered, providing records review prior to their accessioning into NARA.

Archives Related Service includes reimbursement from other Federal organizations for administrative overhead and shared utilities.

Advances and Reimbursements Performance Costs (dollars in thousands)

Goals and Activities	1998 Actual	1999 Estimate	2000 Estimate	Change from 1999
Essential evidence will be created, identified, appropriately scheduled, and managed for as long as needed.	-	-	-	-
Essential evidence will be easy to access regardless of where it is or where users are for as long as needed.	\$19,434	\$19,131	\$2,892	\$-16,239
All records will be preserved in appropriate space for use as long as needed.	12,591	12,924	-	-12,924
NARA will continuously expand its capabilities to make the changes necessary to realize our vision.	-	-	-	-
Total Performance Costs	\$32,025	\$32,055	\$2,892	\$-29,163

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
ADVANCES AND REIMBURSEMENTS**

SUMMARY EXPLANATION OF CHANGES FROM 1999 TO 2000
(dollars in thousands)

Activity	Records Services		Archives Related		Total	
	FTE	Amount	FTE	Amount	FTE	Amount
Program Changes:						
IRS Program	-	\$-10,790	-	-	-	\$-10,790
SSA Program	-	-325	-	-	-	-325
Trust Fund Program	-	-1,741	-	-	-	-1,741
All Other Programs	-	-4,197	-	-	-	-4,197
Total Program Changes	0	-17,053	0	0	0	-17,053
Other Changes:						
Rent	-	-12,212	-	-	-	-12,212
Increased Cost of Goods and Services	-	8	-	7	-	15
Pay Increases	-	85	-	2	-	87
Total Other Changes	0	-12,119	0	9	0	-12,110
Total Changes, 1999 to 2000	0	\$-29,172	0	\$9	0	\$-29,163

EXPLANATION OF CHANGES, 1999 VERSUS 2000

The reimbursable program for 2000 is estimated at \$2,892,000, a decrease of \$4,197,000 in other program areas. Other changes include a decrease of \$29,163,000 from the 1999 reimbursable program. The program changes consist of a decrease of \$10,790,000 in the Internal Revenue Service program, a decrease of \$325,000 in the Social Security program, a decrease of \$1,741,000 in the Trust Fund program, and a decrease of \$12,212,000 for Rent for records services centers' space. There is a decrease of \$87,000 for personnel compensation for pay increases; there is a decrease of \$15,000 for the increased cost of goods and services and increases of \$15,000 for the increased cost of goods and services and

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
ADVANCES AND REIMBURSEMENTS**

DISTRIBUTION OF ESTIMATES BY OBJECT CLASS

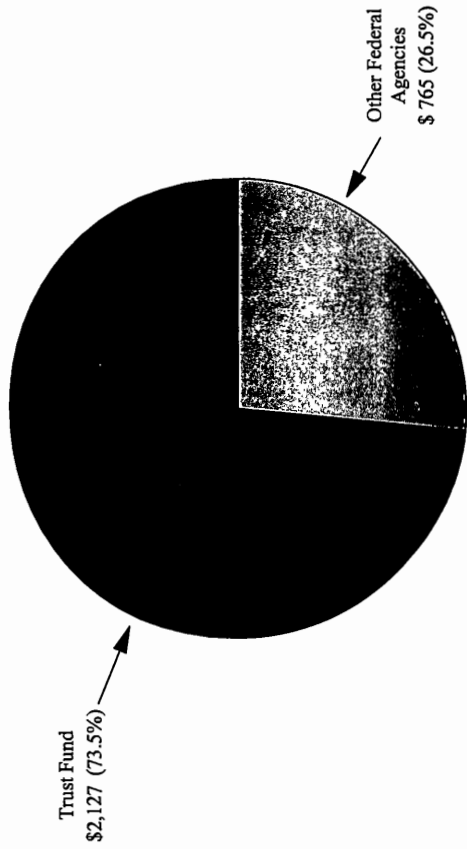
(dollars in thousands)

Object Classification	1998 Actual	1999 Estimate	2000 Estimate
11.1 Full-time Permanent	\$8,871	\$8,824	\$1,517
11.3 Other than Full-time Permanent	2,759	3,006	211
11.5 Other Personnel Compensation	518	406	32
11.9 Total Personnel Compensation	12,148	12,236	1,760
12.1 Personnel Benefits	3,079	3,176	431
13.0 Benefits for Former Personnel	211	203	-
21.0 Travel and Transportation of Persons (Reimbursable)	163	174	8
21.0 Travel and Transportation of Persons (Motor Pool)	13	15	-
22.0 Transportation of Things	580	896	1
23.1 Rental Payments to GSA	11,497	12,212	-
23.3 Communications, Utilities, and Miscellaneous Charges	547	536	263
24.0 Printing and Reproduction	77	44	13
25.2 Other Service	2,598	1,849	156
26.0 Supplies and Materials	667	585	258
31.0 Equipment	440	122	2
32.0 Land and Structures	5	7	-
99.0 Total Obligations	\$32,075	\$31,055	\$2,892

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
ADVANCES AND REIMBURSEMENTS**

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

- 11 **Personnel Compensation** - \$1,760,000. For 76 FTE.
- 12 **Personnel Benefits** - \$431,000. Provides for the government's contribution to the retirement fund, health benefits, group life insurance, and FICA and Medicare hospital insurance.
- 21 **Travel and Transportation of Persons** - \$8,000. Provides for travel required for administration of reimbursable programs and technical assistance projects.
- 22 **Transportation of Things** - \$1,000. For supplies and equipment by commercial carrier.
- 23.3 **Communications, Utilities, and Miscellaneous Charges** - \$263,000. Provides for equipment rental, overnight delivery charges, and utility costs.
- 24 **Printing and Reproduction** - \$13,000. Includes printing costs for technical assistance reports and electrostatic copying.
- 25.2 **Other Services** - \$156,000. Provides for commercial contractual services including registration fees associated with training, and payments for the cost of goods and services such as security checks and clearances.
- 26 **Supplies and Materials** - \$258,000. Includes \$103,000 for program supplies and \$155,000 for administrative supplies and materials.
- 31 **Equipment** - \$2,000. Includes ADP equipment applicable to the reimbursable program.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION**Major Reimbursable Customers 2000***(dollars in thousands)***Total: \$2,892**

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
GIFT FUND**

ANALYSIS OF ESTIMATED LEVEL FOR 2000
(dollars in thousands)

	1998 Actual	1999 Estimate	2000 Estimate
Financing:			
Prior Year Carry Forward	\$2,311	\$6,732	\$6,753
Permanent Indefinite Budget Authority [1]	5,474	886	591
Recovery of Prior Year Obligations	8	-	-
Total Availability	7,793	7,618	7,344
Obligations	1,061	865	581
Unobligated Balance	\$6,732	\$6,753	\$6,763

[1] Includes donations and interest earned on investments. 1998 Actual includes Bush Library Endowment in the amount of \$4,477,233 and Pew Charitable Trusts donation of \$550,000. 1999 Estimate includes Pew Charitable Trusts donation of \$250,000.

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR 2000
(dollars in thousands)

Activity	Summary			Increases or Decreases (-) for 2000
	1998 Actual	1999 Estimate	2000 Estimate	
	Amount	Amount	Amount	Amount
Historical Research, Conferences, Archival and Cultural Events, and Publications	\$499	\$380	\$92	\$-288
Presidential Libraries	562	485	489	4
Total Obligations	\$1,061	\$865	\$581	\$-284

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION GIFT FUND

SUMMARY JUSTIFICATION OF 2000 BUDGET ESTIMATE

The National Archives Gift Fund was established to administer incoming gifts and bequests. Expenditures are made for various programs, including historical research, conferences, archival and cultural events, and publications.

Gifts of money and property are made by individuals and organizations for the benefit of archival and records activities and are expended from the Gift Fund as authorized by the Archivist or in accordance with donor restrictions, if any. Permanent indefinite budget authority is provided from donated funds and interest earned on investments.

In accordance with 44 U.S.C. 2112, the Bush Presidential Library received a \$4,477,233 endowment from the Bush Library Foundation. The money was deposited in the Gift Fund and invested in accordance with established National Archives Trust and Gift Fund procedures. Income earned on the investment, which is estimated to be \$245,000 annually, will be used to offset a portion of the Library's operation and maintenance costs.

Total obligations for FY 2000 are estimated at \$581,000, a net decrease of \$284,000 compared to FY 1999 estimated obligations of \$865,000. A major portion of the decrease is attributable to the obligation of funds donated by the Pew Charitable Trusts (\$350,000 in FY 1998 and \$250,000 in FY 1999) for the re-encasement of the Charters of Freedom.

AUTHORIZING LANGUAGE

The National Archives Trust Fund Board may solicit and accept gifts or bequests of money, securities, or other personal property, for the benefit of or in connection with the national archival and records activities administered by the National Archives and Records Administration (44 U.S.C. 2305).

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
GIFT FUND**

DISTRIBUTION OF ESTIMATES BY OBJECT CLASS
(dollars in thousands)

Object Classification	1998 Actual	1999 Estimate	2000 Estimate
21.0 Travel/Transportation of Persons	\$53	\$60	\$58
22.0 Transportation of Things	11	-	-
23.3 Communications, Utilities, and Misc. Charges	-	3	3
24.0 Printing and Reproduction	28	20	22
25.2 Other Services	818	695	413
26.0 Supplies and Materials	72	63	63
31.0 Equipment	36	19	22
41.0 Grants, Subsidies and Contributions	43	5	0
99.0 Total Obligations	\$1,061	\$865	\$581

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
TRUST FUND**

ANALYSIS OF ESTIMATED LEVEL FOR 2000
(dollars in thousands)

	1998 Actual	Change 1998 vs. 1999	1999 Estimate	Change 1999 vs. 2000	2000 Estimate
Income/Cost Comparison - Summary:					
Operating Income	\$13,310	\$-8	\$13,302	\$436	\$13,738
Operating Expense	14,590	536	15,126	-430	14,696
Net Operating Income or Loss (-)	-1,280	-544	-1,824	866	-958
Non-Operating Income or Loss (-)	837	736	1,573	46	1,619
Net Profit or Loss (-)	\$-443	\$192	\$-251	\$912	\$661
Total Outlays	\$424	\$-173	\$251	\$-912	\$-661

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR 2000
(dollars in thousands)

Activity	Summary						Increase/Decrease for 2000	
	1998 Actual		1999 Estimate		2000 Estimate			
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Sales	29	\$10,691	29	\$8,899	29	\$8,333	0	\$-566
Presidential Libraries	82	5,204	82	5,662	82	5,746	0	84
Total Obligations	111	\$15,895	111	\$14,561	111	\$14,079	0	\$-482

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION TRUST FUND

OVERVIEW OF NARA TRUST FUND PROGRAMS

The Trust Fund receives, holds, and disburses monies collected from: sales of reproductions of records and sales of publications and historical mementos in the National Archives, the regional records services facilities, and the Presidential Libraries; admission fees to the Presidential Libraries; and fees for archival training and conferences.

Reproduction of Records. Reproductions of all varieties of records, including documents, photographs, maps, motion pictures, and ADP tapes in the National Archives, the regional records services facilities, and the Presidential Libraries, are made upon request and sold to the public, to scholars and to Federal agencies. These reproductions are used for scholarly research, genealogy and family history, to illustrate books and articles, and to make new motion pictures and video productions.

Publications and Historical Mementos. The fund publishes or purchases for resale books and other printed materials based upon the records in the National Archives and the Presidential Libraries. These publications include facsimiles of the Declaration of Independence and the Constitution, genealogical guides, and memoirs of former Presidents. The fund also manufactures or purchases for resale items for visitors to the National Archives Exhibit Hall and the Presidential Libraries. Such items include post cards, color slides, posters, and souvenirs.

Admission Fees. Fees are charged for admission to the exhibits at most of the Presidential Libraries and for educational workshops at other NARA locations.

AUTHORIZING LANGUAGE

The Archivist of the United States furnishes, for a fee, copies of unrestricted records in the custody of the National Archives (44 U.S.C. 2116). Proceeds from sale of copies of microfilm publications, reproductions, and other publications, and admission fees to Presidential Library museum rooms are deposited to this fund (44 U.S.C. 2108).

Trust Fund Performance Costs (dollars in thousands)

Goals and Activities	1998 Actual	1999 Estimate	2000 Estimate	Change from 1999
Essential evidence will be created, identified, appropriately scheduled, and managed for as long as needed.	-	-	-	-
Essential evidence will be easy to access regardless of where it is or where users are for as long as needed.	\$15,895	\$14,561	\$14,079	\$-482
All records will be preserved in appropriate space for use as long as needed.	-	-	-	-
NARA will continuously expand its capabilities to make the changes necessary to realize our vision.	-	-	-	-
Total Performance Costs	\$15,895	\$14,561	\$14,079	\$-482

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
TRUST FUND

SUMMARY EXPLANATION OF CHANGES FROM 1999 TO 2000
(dollars in thousands)

Activity	Sales		Presidential Libraries		Total	
	FTE	Amount	FTE	Amount	FTE	Amount
Program Changes:						
Increased Cost of Sales, Reproductions, and Library Museum Activities	-	-	-	\$21	-	\$21
Other Changes:						
One-time Equipment Purchases	-	-101	-	-3	-	-104
Advisory and Assistance Services	-	-668	-	-	-	-668
Increased Cost of Other Goods and Services	-	203	-	66	-	269
Total Changes, 1999 to 2000	0	\$-566	0	\$84	0	\$-482

EXPLANATION OF CHANGES, 1999 VERSUS 2000

Total obligations for 2000 are estimated at \$14,079,000, a net decrease of \$482,000 from 1999 estimated obligations of \$14,561,000. Increases include \$21,000 for the increased cost of sales, reproductions, and library museum activities, and \$269,000 for the increased cost of other goods and services. These increases are offset by decreases of \$104,000 for one-time equipment purchases and \$668,000 for the advisory and assistance services provided for the replacement order processing and accounting system to be implemented in FY 1999.

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
TRUST FUND**

DISTRIBUTION OF ESTIMATES BY OBJECT CLASS
(dollars in thousands)

Object Classification	1998 Actual	1999 Estimate	2000 Estimate
11.1 Full-time Permanent	\$2,677	\$2,805	\$2,893
11.3 Other than Full-time Permanent	500	684	705
11.5 Other Personnel Compensation	130	80	75
11.9 Total Personnel Compensation	3,307	3,569	3,673
12.1 Civilian Personnel Benefits	801	876	903
13.0 Benefits for Former Personnel	16	13	14
21.0 Travel and Transportation of Persons	105	88	89
22.0 Transportation of Things	16	37	25
23.3 Communications, Utilities, and Misc. Charges	525	355	362
24.0 Printing and Reproduction	1,114	399	411
25.1 Advisory and Assistance Services	750	668	-
25.2 Other Services	2,919	2,789	2,772
25.3 Purchases of Goods and Services from Government Accounts	4,059	3,613	3,782
26.0 Supplies and Materials	1,996	1,892	1,896
31.0 Equipment	287	262	152
99.0 Total Obligations	\$15,895	\$14,561	\$14,079

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
REVOLVING FUND

ANALYSIS OF REQUESTED LEVEL FOR 2000
(dollars in thousands)

	Amount
Budget Authority in 1999 President's Budget	-
Initial Capitalization	\$22,000
2000 Total Request	\$22,000
Total Change, 1999 to 2000	\$22,000

INCOME/COST COMPARISON SUMMARY FOR 2000
(dollars in thousands)

	Change 1999 vs 2000	2000 Estimate
Income/Cost Comparison - Summary:		
Operating Income	\$92,817	\$92,817
Operating Expense	\$92,817	\$92,817
Net Profit or Loss (-)	\$0	\$0

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR 2000
(dollars in thousands)

Activity	Summary								Increase/Decrease (-) for 2000		
	1998 Actual		1999 Estimate		2000 Estimate						
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount			
Accession, Reference, Refile, and Disposal Service	-	-	-	-	1,151	\$55,631	1,151	\$55,631			
Storage Services	-	-	-	-	-	14	42,186	14	42,186		
Total Obligations	0	\$0	0	\$0	0	1,165	\$97,817	1,165	\$97,817		

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION REVOLVING FUND

OVERVIEW OF NARA REVOLVING FUND PROGRAMS

The Federal Government is in a race with records that we are in danger of losing. Federal departments and agencies are struggling to manage increasing volumes of paper records, to cope with mushrooming quantities and proliferating forms of electronic records, to reduce backlogs of public requests for records through the Freedom of Information Act and E-FOIA, and to comply with orders from courts and the Congress to protect and/or produce records. Under Federal law, NARA shares responsibility with all Federal agencies to manage these records effectively.

Right now nearly one-half of NARA's appropriated budget goes for the cost of acquiring and maintaining physical space. NARA takes care of some two million cubic feet of *archival* records in our legal and physical custody. But in our records services centers, we store nearly ten times as many temporary and pre-archival records that belong to other Federal agencies, who have been increasing demand for such space currently by 2.5 percent per year. Our records services centers are now full.

This NARA program is one of the, if not last, major government-wide services provided centrally that is not funded through reimbursable payments from those receiving the services. Even now approximately 30 percent of our records services centers program is funded through reimbursable payments under the Economy Act, because huge reference loads already have required it. This existing authority, however, does not provide for a fully reimbursed program or envision its operation on a business-like basis with the cost efficiencies that it would allow. An overall reimbursable program is needed for fairness both to NARA and to agencies already providing reimbursement.

The purpose of a fully reimbursable program would not be just to distribute costs fairly and save the government funds. It would also be to improve services to individual agencies by being able to provide more space to meet agency demands, to provide for better quality space where appropriate and to improve accession, reference, refil, disposal and other services for records stored in records services centers.

Regional records services facilities maintain low cost storage to which Federal agencies retire certain noncurrent records for specified periods. For such records, the regional records services facilities provide reference services on 19.9 million cubic feet of records in NARA's custody, including loan or return of records to the agency of origin; prepare authenticated reproductions of documents; and furnish information from records. Alone, the National Personnel Records Center provides for the maintenance and reference service on 169 million military and civilian personnel folders. The facilities also dispose of records of transitory value and transfer into archival custody those that have enduring value. The facilities also offer to Federal agencies in the regions technical assistance workshops and advice on records creation, maintenance, storage, disposition, and vital records.

NARA proposes an intragovernmental revolving fund in which it may utilize in its operations any receipts which are generated by the activities of the fund. For initial capitalization of this fund, NARA is requesting \$22,000,000. The justification for this increase is contained in the "Justification of Requested Increases" section of the budget.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
REVOLVING FUND

APPROPRIATION LANGUAGE

Intragovernmental fund:

(a) There is hereby established in the Treasury a revolving fund to be available for expenses and equipment necessary to provide for storage and related services for all temporary and pre-archival Federal records, which are to be stored or stored at Federal National and Regional Records Centers by agencies and other instrumentalities of the Federal government. The Fund shall be available without fiscal year limitation for expenses necessary for operation of these activities.

(b) Start-up capital. —

(1) There is appropriated \$22,000,000 as initial capitalization of the Fund.

(2) In addition, the initial capital of the Fund shall include the fair and reasonable value at the Fund's inception of the inventories, equipment, receivables, and other assets, less the liabilities, transferred to the Fund. The Archivist of the United States is authorized to accept inventories, equipment, receivables and other assets from other Federal entities that were used to provide for storage and related services for temporary and pre-archival Federal records.

(c) User charges. —

The Fund shall be credited with user charges received from other Federal government accounts as payment for providing personnel, storage, materials, supplies, equipment, and services as authorized by subsection (a). Such payments may be made in advance or by way of reimbursement. The rates charged will return in full the expenses of

operation, including reserves for accrued annual leave, worker's compensation, depreciation of capitalized equipment and shelving, and amortization of information technology software and systems.

(d) Funds returned to Miscellaneous Receipts of the Department of the Treasury. ---

(1) In addition to funds appropriated to and assets transferred to the Fund in subsection (b), an amount not to exceed 4 percent of the total annual income may be retained in the Fund as an operating reserve or for the replacement or acquisition of capital equipment, including shelving, and the improvement and implementation of NARA's financial management, information technology, and other support systems.

(2) Funds in excess of the 4 percent at the close of each fiscal year shall be returned to the Treasury of the United States as miscellaneous receipts.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION REVOLVING FUND

Revolving Fund Performance Costs (dollars in thousands)

EXPLANATION OF CHANGES, 1999 VERSUS 2000

Total obligations for 2000 are estimated at \$97,817,000, which reflect the first full year of operation for the Revolving Fund.

Goals and Activities	1998 Actual	1999 Estimate	2000 Estimate	Change from 1999
Essential evidence will be created, identified, appropriately scheduled, and managed for as long as needed.	-	-	-	-
Essential evidence will be easy to access regardless of where it is or where users are for as long as needed.	-	-	\$55,631	\$55,631
All records will be preserved in appropriate space for use as long as needed.	-	-	\$42,186	\$42,186
NARA will continuously expand its capabilities to make the changes necessary to realize our vision.	-	-	-	-
Total Performance Costs	-	-	\$97,817	\$97,817

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
REVOLVING FUND**

DISTRIBUTION OF ESTIMATES BY OBJECT CLASS
(dollars in thousands)

Object Classification	1998 Actual	1999 Estimate	2000 Estimate
11.1 Full-time Permanent	-	-	\$23,686
11.3 Other than Full-time Permanent	-	-	8,400
11.5 Other Personnel Compensation	-	-	1,396
11.9 Total Personnel Compensation	0	0	\$33,482
12.1 Civilian Personnel Benefits	-	-	6,862
13.0 Benefits for Former Personnel	-	-	215
21.0 Travel and Transportation of Persons	-	-	389
22.0 Transportation of Things	-	-	313
23.1 Rental Payments to GSA	-	-	38,675
23.3 Communications, Utilities, and Misc. Charges	-	-	1,898
24.0 Printing and Reproduction	-	-	286
25.2 Other Services	-	-	12,347
26.0 Supplies and Materials	-	-	1,350
31.0 Equipment	-	-	600
32.0 Land and Structures	-	-	1,400
99.0 Total Obligations	\$0	\$0	\$97,817

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
REVOLVING FUND**

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

- | | | | |
|------|---|------|--|
| 11 | Personnel Compensation - \$33,482,000. For 1,165 FTE. | 23.3 | Communications, Utilities, and Miscellaneous Charges - \$1,898,000. Provides for equipment rental, overnight delivery charges, and utility costs. |
| 12 | Personnel Benefits - \$6,862,000. Provides for the government's contribution to the retirement fund; health benefits; group life insurance; and FICA and Medicare hospital insurance. | 24 | Printing and Reproduction - \$286,000. Includes reproduction of records, printing costs for technical assistance reports, and electrostatic copying. |
| 13 | Benefits for Former Personnel - \$215,000. Provides for unemployment compensation payments to former Federal employees. | 25.2 | Other Services - \$12,347,000. Provides for commercial contractual services, including the development and installation of information technology solutions and registration fees associated with training. |
| 21 | Travel and Transportation of Persons - \$389,000. Provides \$310,000 for travel required for administration of revolving fund programs and technical assistance projects and \$79,000 for motor pool services. | 26 | Supplies and Materials - \$1,350,000. Includes \$540,000 for program supplies, and \$810,000 for administrative supplies and materials. |
| 22 | Transportation of Things - \$313,000. For accessioning and transfer of records, supplies, and equipment by commercial carrier. | 31 | Equipment - \$600,000. Includes records centers' ADP equipment applicable to the revolving fund program. |
| 23.1 | Rental Payments to GSA - \$38,675,000. Provides for payments to the General Services Administration's Federal Building Fund for space for IRS, SSA, USPS, and FDIC records, and those records subject to the frozen records program. | 32 | Land and Structures - \$1,400,000. Includes purchase of shelving applicable to the revolving fund program. |

[No public hearings were held for the following agencies, but selected statements and budget justifications are provided for the record:]

STATEMENT FOR THE RECORD OF
HONORABLE JANICE R. LACHANCE
OFFICE OF PERSONNEL MANAGEMENT

for the

SUBCOMMITTEE ON TREASURY, POSTAL SERVICE
AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

on

FISCAL YEAR 2000 APPROPRIATIONS REQUEST
AND PERFORMANCE PLAN FOR THE
OFFICE OF PERSONNEL MANAGEMENT

MR CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I APPRECIATE THIS OPPORTUNITY TO DISCUSS FOR THE RECORD THE
APPROPRIATIONS REQUEST FOR FISCAL YEAR 2000 FOR THE OFFICE OF
PERSONNEL MANAGEMENT.

IN ORDER TO PROVIDE SOME CONTEXT FOR THE PRESIDENT'S REQUEST FOR
APPROPRIATIONS FOR OPM FOR THE NEXT FISCAL YEAR, IT MAY BE USEFUL TO
REVIEW THE RECENT HISTORY OF OUR AGENCY AND THE HUMAN RESOURCES
MANAGEMENT (HRM) AREA GENERALLY BEFORE TURNING TO THE SPECIFICS OF
OUR BUDGET.

ALTHOUGH YOU MAY BE FAMILIAR WITH OUR RECENT HISTORY, I BELIEVE IT IS

IMPERATIVE TO REEMPHASIZE THE DRAMATIC CHANGES THAT HAVE OCCURRED IN OPM SINCE 1993. OUR REDUCTION IN OUR FULL-TIME EQUIVALENT EMPLOYMENT LEVEL BY 52 PERCENT IS VIRTUALLY WITHOUT PARALLEL IN THE FEDERAL GOVERNMENT. IT WAS ACHIEVED NOT ONLY BY A THOROUGH RESTRUCTURING OF OUR OPERATIONS, BUT ALSO THROUGH THE PRIVATIZATION OF TWO OF OUR MAJOR COMPONENTS, TRAINING AND INVESTIGATIONS, WITH THE LATTER BEING CONVERTED INTO AN EMPLOYEE STOCK OWNERSHIP PLAN, THE FIRST TO RESULT FROM A FEDERAL ENTITY.

THIS RESTRUCTURING, ALONG WITH OUR EMPHASIS ON TIGHTER FINANCIAL CONTROLS ACROSS ALL PROGRAMS AND INCREASED ACCOUNTABILITY, ENABLED US TO MAKE THE TOUGH MANAGEMENT DECISIONS THAT ARE PAYING OFF TODAY. THE BEST EVIDENCE OF OUR SUCCESS IS THE ELIMINATION OF THE \$48.8 MILLION DOLLAR DEFICIT WHICH EXISTED IN OUR REVOLVING FUND AT THE END OF FISCAL YEAR 1994.

OUR SUCCESSES IN FOCUSING ON OUR CORE MISSION AND DOING MORE WITH LESS HAVE PROVIDED LEADERSHIP BY EXAMPLE FOR THE REINVENTION EFFORT IN THE FEDERAL COMMUNITY. WE HAVE BUILT ON THAT POSITION BY SUPPORTING OTHER AGENCIES AS THEY UNDERTAKE WORKFORCE REDUCTIONS AND RESTRUCTURING. SIGNIFICANT DOWNSIZING OF HUMAN RESOURCES MANAGEMENT STAFF IN MANY AGENCIES HAS CREATED AN EVEN GREATER

NEED FOR AND RELIANCE UPON OPM EXPERTISE.

WE HAVE RESPONDED TO THAT CHALLENGE IN NUMEROUS WAYS. PERMIT ME TO MENTION A FEW EXAMPLES. IN THE AREA OF PERFORMANCE MANAGEMENT, OUR RECENTLY ISSUED STUDY OF POOR PERFORMERS IN THE FEDERAL SERVICE HAS RECEIVED CONSIDERABLE ATTENTION. BUT EQUALLY IMPORTANT TO US AND OUR AGENCY CONSTITUENTS IS OUR DEVELOPMENT OF A BOOKLET, CD-ROM, AND WEB-BASED TRAINING ON ADDRESSING AND RESOLVING POOR PERFORMANCE. OPM STAFF IS ALSO FOCUSING ON ASSISTING AGENCIES WITH ALIGNING INDIVIDUAL PERFORMANCE PLANS TO AGENCY STRATEGIC PLANS, AS ENVISIONED BY THE GOVERNMENT PERFORMANCE AND RESULTS ACT.

IN ADDITION, WITH TWO OF OUR EXECUTIVES COCHAIRING THE HUMAN RESOURCES TECHNOLOGY COUNCIL, WE ARE WORKING WITH AGENCIES TO ENSURE THAT THEY ARE ABLE TO DO MORE WITH LESS THROUGH THE BEST AND MOST COST-EFFECTIVE USE OF AUTOMATION IN THEIR HRM ACTIVITIES. THIS YEAR, WE WILL COMPLETE A VISION AND CONCEPT OF OPERATIONS FOR A FEDERAL HUMAN RESOURCES DATA NETWORK, A BROADER APPROACH TO THE GOVERNMENTWIDE APPLICATION OF HUMAN RESOURCES AUTOMATION THAT ENCOMPASSES THE MORE LIMITED OBJECTIVE OF AN ELECTRONIC PERSONNEL FOLDER.

WE HAVE ALSO PLACED INCREASING EMPHASIS ON COMMUNICATING WITH AGENCY HRM PERSONNEL THROUGH OUR WEB PAGE AND THROUGH FOCUSED CONFERENCES ON A VARIETY OF SUBJECTS. FROM OUR ANNUAL BENEFITS OFFICERS CONFERENCE TO OUR ANNUAL SYMPOSIUM ON EMPLOYEE AND LABOR RELATIONS, WE HAVE HAD GREAT SUCCESS IN BRINGING TOGETHER HUNDREDS OF HRM PROFESSIONALS TO SHARE INFORMATION AND EXPERIENCES. INCREASES IN DEMAND AND IN SATISFACTION WITH OUR PRESENTATIONS HAVE LED TO THE CONSOLIDATION OF SOME OF OUR WORKSHOPS AND SEMINARS ON LEAVE, POSITION CLASSIFICATION, AND PERFORMANCE MANAGEMENT INTO A NEW TOTAL COMPENSATION CONFERENCE.

IN FISCAL YEAR 1998, WE ENGAGED IN OUTREACH TO PROVIDE A MORE DIVERSE WORKFORCE. OUR EFFORTS INCLUDED A STRENGTHENED NINE-POINT PLAN TO INCREASE HISPANIC EMPLOYMENT, AN INITIATIVE TO IMPROVE BLACK REPRESENTATION AT HIGHER GRADE LEVELS, AND TARGETED RECRUITMENT GUIDANCE FOR PERSONS WITH DISABILITIES AND FOR WOMEN. DURING THAT FISCAL YEAR, REPRESENTATION IN THE FEDERAL WORKFORCE GENERALLY IMPROVED FROM 6.2 PERCENT TO 6.4 PERCENT FOR HISPANICS, FROM 17.0 PERCENT TO 17.1 PERCENT FOR BLACKS, FROM 4.0 PERCENT TO 4.1 PERCENT FOR ASIAN/PACIFIC ISLANDERS. AND FROM 42.8 PERCENT TO 42.9 PERCENT FOR WOMEN.

WE ALSO RESPONDED TO EVOLVING POLICY CONCERNS RELATING TO THE QUALITY OF MANAGED HEALTH CARE BY IMPLEMENTING THE PATIENTS BILL OF RIGHTS THROUGHOUT THE ENTIRE FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM. THIS INCLUDED ISSUING REGULATIONS BARRING HEALTH PLANS FROM IMPOSING A "GAG RULE" LIMITING THE DISCLOSURES PHYSICIANS MAY MAKE TO PATIENTS REGARDING TREATMENT OPTIONS.

OF COURSE, WE ARE INVOLVED IN MUCH MORE THAN JUST THE MANAGEMENT OF EXISTING SYSTEMS. IN FY1998, FIVE PERSONNEL MANAGEMENT DEMONSTRATION PROJECTS WERE BEGUN, AND WE ARE EXPECTING FOUR MORE TO BE IMPLEMENTED THIS FISCAL YEAR. BY HELPING AGENCIES DESIGN, IMPLEMENT, MANAGE, AND EVALUATE ALTERNATIVE APPROACHES TO PERSONNEL MANAGEMENT, WE NOT ONLY IMPROVE THE OPERATIONS OF THOSE AGENCIES, BUT ALSO LEARN LESSONS TO APPLY THROUGHOUT THE FEDERAL ESTABLISHMENT.

AS REWARDING AS OUR ACCOMPLISHMENTS HAVE BEEN, WE RECOGNIZE THAT THERE IS NO ROOM FOR COMPLACENCY IN VIEW OF THE CHALLENGES FACING US. ACCORDINGLY, WE HAVE ESTABLISHED A SET OF PRIORITIES TO CARRY US FORWARD TO ADDRESS THESE CHALLENGES.

FIRST, WE INTEND TO CONTINUE TO IMPROVE OUR ABILITY TO COMPETE FOR

SKILLED AND MOTIVATED EMPLOYEES IN THE NEXT CENTURY. A SIGNIFICANT COMPONENT OF OUR ABILITY TO DO SO EFFECTIVELY WILL BE OUR EARNED BENEFITS PACKAGE. THE DEVELOPMENT OF A CENTER FOR BENEFITS DESIGN AND DELIVERY WILL ENABLE US TO IMPROVE OUR BENEFITS PUBLICATIONS BY USING PLAIN LANGUAGE AND TO MOVE FORWARD WITH APPROPRIATE ENHANCEMENTS, SUCH AS ADDITIONAL LIFE INSURANCE OPTIONS AND A LONG-TERM CARE INSURANCE PROGRAM FOR FEDERAL EMPLOYEES, ANNUITANTS, AND THEIR FAMILIES. IN THAT REGARD, WE WOULD URGE THE CAREFUL CONSIDERATION OF THE ADMINISTRATION'S PROPOSAL FOR LONG-TERM CARE INSURANCE WHICH IS CURRENTLY PENDING BEFORE THE CONGRESS.

SECOND, WE HAVE TAKEN NOTE OF THE REQUESTS BY AGENCIES FOR HELP IN ENHANCING THEIR ABILITY TO RECRUIT AND HIRE. WE WILL BE WORKING WITH THEM TO DEVELOP QUICK HIRING PROGRAMS TAILORED TO THEIR SPECIALIZED NEEDS. AT THE SAME TIME, WE WILL GIVE PRIORITY TO ENHANCING EMPLOYMENT OPPORTUNITIES FOR ADULTS WITH DISABILITIES, HISPANIC AMERICANS, AND WOMEN, AS WELL AS TO INITIATIVES TARGETING COMPUTER SECURITY PROFESSIONALS.

THIRD, WE HAVE REDEDICATED OURSELVES TO OUR CORE MISSION OF PROVIDING OVERSIGHT OF THE MERIT SYSTEM. WITH MANY AGENCIES ALREADY EXEMPTED FROM KEY PROVISIONS OF CIVIL SERVICE LAWS AND

MANY OTHERS SEEKING ADDITIONAL FLEXIBILITIES, WE MUST REDOUBLE OUR EFFORTS TO SUPPORT COMPLIANCE WITH THE BASIC MERIT SYSTEM PRINCIPLES. ADDITIONAL OVERSIGHT VISITS, COUPLED WITH OUR ASSISTANCE TO AGENCY DELEGATED EXAMINING UNITS AND OUR WORK ON THE DEVELOPMENT OF AGENCY INTERNAL ACCOUNTABILITY SYSTEMS, WILL REDUCE THE POTENTIAL FOR MISTAKES AND ABUSES.

IN FY2000, OPM WILL LEAD THE EFFORT TO REFOCUS ATTENTION ON TRAINING AND DEVELOPMENT PROGRAMS FOR FEDERAL EMPLOYEES. BY CHAIRING THE PRESIDENT'S TASK FORCE ON FEDERAL TRAINING TECHNOLOGY, I WILL BE UNIQUELY POSITIONED TO ASSIST IN THE DEVELOPMENT OF RECOMMENDATIONS FOR USING TECHNOLOGY MOST EFFECTIVELY TO PROMOTE LIFELONG LEARNING THROUGHOUT OUR WORKFORCE.

WE WILL ALSO CONTINUE OUR INTERNAL WORK TO MODERNIZE SYSTEMS AND PROCESSES IN WAYS WHICH COMPLEMENT THE GOVERNMENTWIDE VISION OF A FEDERAL HUMAN RESOURCES DATA NETWORK. CONSISTENT WITH OUR LEADERSHIP OF THE INTERAGENCY HUMAN RESOURCES TECHNOLOGY COUNCIL, WE HAVE CONCENTRATED OUR EFFORTS ON SIGNIFICANT IMPROVEMENTS IN OUR CENTRAL PERSONNEL DATA FILE AND ON OUR RETIREMENT SYSTEMS MODERNIZATION PROJECT.

ADDITIONALLY, OUR ONGOING COMMITMENT TO FAMILY FRIENDLY PROGRAMS IN THE FEDERAL WORKPLACE WILL BE EVEN MORE EVIDENT THIS YEAR. THE ESTABLISHMENT OF OUR FAMILY FRIENDLY WORKPLACE ADVOCACY OFFICE WILL ALLOW US TO SERVE AS A POINT OF CONTACT FOR THOSE EMPLOYEES WHO NEED INFORMATION ABOUT AFFORDABLE CHILD CARE, ELDER CARE, ALTERNATIVE WORK SCHEDULES, TELECOMMUTING, OR ANY OTHER RELATED PROGRAMS.

FINALLY, WE INTEND TO BUILD ON THE PROGRESS WE HAVE MADE IN RECENT YEARS IN IMPROVING OUR FINANCIAL MANAGEMENT SYSTEMS AND PROCEDURES. THROUGH THE USE OF QUALITY IMPROVEMENT TEAMS WHICH INCLUDE REPRESENTATIVES FROM VARIOUS ORGANIZATIONAL COMPONENTS, INCLUDING THE OFFICE OF THE INSPECTOR GENERAL, WE CAN ELIMINATE THE WEAKNESSES IN THESE AREAS AND IMPROVE THE QUALITY OF SERVICE WE PROVIDE TO ALL OF OUR CONSTITUENCIES.

TURNING TO OUR APPROPRIATIONS REQUEST FOR FY 2000, WE ARE SEEKING \$91.6 MILLION IN GENERAL FUND BASIC OPERATING EXPENSES. THE 733 FULL-TIME EQUIVALENT POSITIONS SUPPORTED BY THIS REQUEST WILL ENABLE US TO CONTINUE TO PROVIDE LEADERSHIP TO THE HUMAN RESOURCES MANAGEMENT COMMUNITY AS WELL AS PURSUE THE PRIORITY GOALS DISCUSSED EARLIER.

THE REQUESTED INCREASE OF \$6.2 MILLION OVER FY1999 INCLUDES A REQUIRED REIMBURSEMENT OF THE NATIONAL ARCHIVES AND RECORDS ADMINISTRATION (NARA) IN THE AMOUNT OF \$3.4 MILLION. THIS PAYMENT COMPENSATES THAT AGENCY FOR THE COST OF STORING AND SERVICING THE GOVERNMENT'S OFFICIAL PERSONNEL FILES, AND REFLECTS THE DECISION TO CHANGE NARA'S FINANCING FROM APPROPRIATED FUNDS TO A REIMBURSABLE BASIS.

ANOTHER \$2 MILLION OF THE INCREASE WILL BE DEVOTED TO THE CREATION OF A CYBER CORPS. DEVELOPED AT THE REQUEST OF THE NATIONAL SECURITY COMMUNITY, THIS PROGRAM WILL INVOLVE OUTREACH TO HIGH SCHOOLS, COLLEGES, AND UNIVERSITIES TO ADDRESS A CRITICAL NEED BY FACILITATING THE RECRUITMENT AND TRAINING OF STUDENTS FOR INFORMATION TECHNOLOGY POSITIONS IN THE FEDERAL SERVICE, WITH PARTICULAR EMPHASIS ON INFORMATION SECURITY OCCUPATIONS, WHERE WE ARE CURRENTLY EXPERIENCING A SHORTAGE OF QUALIFIED CANDIDATES.

THE REMAINING \$0.8 MILLION OF THE INCREASE WILL BE DEVOTED TO OUR EFFORTS TO ENSURE COMPLIANCE WITH THE MERIT SYSTEM PRINCIPLES, PRINCIPALLY THROUGH EXPANDED OVERSIGHT, AND TO IMPROVEMENTS IN OPM'S INFORMATION TECHNOLOGY INFRASTRUCTURE.

FOR THE ADMINISTRATION OF THE GOVERNMENT'S RETIREMENT AND

INSURANCE PROGRAMS FOR ITS EMPLOYEES, WE ARE ASKING THAT \$95.5 MILLION BE TRANSFERRED FROM THE TRUST FUNDS FOR THOSE PROGRAMS TO SUPPORT 1,357 FULL-TIME EQUIVALENTS. AN INCREASE OF \$4 MILLION IN FUNDING TO REMAIN AVAILABLE UNTIL EXPENDED IS SOUGHT FOR THE RETIREMENT SYSTEMS MODERNIZATION EFFORT PREVIOUSLY MENTIONED. IN ADDITION, A SMALL INCREASE OF \$0.3 MILLION WILL ASSIST IN THE DEVELOPMENT OF A NEW CENTER FOR BENEFITS DESIGN AND DELIVERY.

OF COURSE, A SIGNIFICANT PORTION OF THE FUNDING FOR OPM'S OFFICE OF THE INSPECTOR GENERAL IS ALSO PROVIDED THROUGH TRANSFERS FROM THE TRUST FUNDS. I WOULD NOTE THAT, OF THEIR TOTAL REQUEST FOR \$10.6 MILLION TO SUPPORT 111 FULL-TIME EQUIVALENTS, \$9.6 MILLION WILL BE PROVIDED THROUGH SUCH TRANSFERS. A MORE DETAILED EXPLANATION OF THEIR REQUEST WILL BE PROVIDED BY THAT OFFICE IN A SEPARATE STATEMENT FOR THE RECORD.

IT IS ALSO IMPORTANT TO NOTE THAT OPM USES PAYMENTS FROM OTHER AGENCIES TO ITS REVOLVING FUND, TO FINANCE A WIDE VARIETY OF SERVICES. FROM PROVIDING TRAINING FOR FEDERAL MANAGERS AND EXECUTIVES TO PROVIDING EMPLOYMENT INFORMATION TO THE PUBLIC, FROM CONDUCTING INVESTIGATIONS OF INDIVIDUAL CANDIDATES FOR CRITICAL-SENSITIVE POSITIONS TO TESTING POTENTIAL INDUCTEES FOR THE DEPARTMENT OF

DEFENSE, OUR FY2000 BUDGET INCLUDES AN ESTIMATED \$194.1 MILLION IN OBLIGATIONS AND 673 FULL-TIME EQUIVALENTS TO BE FINANCED THROUGH THE REVOLVING FUND.

AS ALWAYS, SINCE ANNUITANTS HAVE NO EMPLOYING AGENCIES TO CONTRIBUTE THE GOVERNMENT'S SHARE OF THE COSTS OF THE HEALTH BENEFITS AND LIFE INSURANCE PROGRAMS ON THEIR BEHALF, MANDATORY APPROPRIATIONS TO INCLUDE THOSE CONTRIBUTIONS ARE INCLUDED IN OPM'S BUDGET REQUEST. GIVEN THE MANDATORY CHARACTER OF THESE ACCOUNTS, WE ARE REQUESTING A "SUCH SUMS AS MAY BE NECESSARY" APPROPRIATION FOR EACH OF THEM.

WE ESTIMATE THAT, FOR THE 280,000 NON-POSTAL ANNUITANTS RETIRING SINCE 1989 AND ELECTING POST-RETIREMENT LIFE INSURANCE, WE WILL NEED \$36.2 MILLION, WHILE THE FINANCING OF THE HEALTH BENEFITS COVERAGE OF THE 1.9 MILLION ANNUITANTS WILL REQUIRE AN ESTIMATED \$5.1 BILLION.

ALSO, CONSISTENT WITH THE MANDATE OF PUBLIC LAW 91-93, WHICH ESTABLISHED THE CURRENT RETIREMENT FINANCING SYSTEM, WE ARE REQUESTING A "SUCH SUMS AS MAY BE NECESSARY" APPROPRIATION FOR THE CIVIL SERVICE RETIREMENT AND DISABILITY FUND. IN ORDER TO ADDRESS THE PAYMENT OF ANNUITIES UNDER SPECIAL ACTS (SUCH AS LIGHTHOUSE WIDOWS)

AND THE 30-YEAR AMORTIZATION OF LIABILITIES PRODUCED BY CHANGES (PRINCIPALLY PAY INCREASES) MADE SINCE THE DATE OF THAT ACT (1969) WHICH HAVE AFFECTED BENEFITS, WE ESTIMATE THAT A PAYMENT OF \$9.1 BILLION WILL BE REQUIRED.

FINALLY, WE BELIEVE IT IS IMPORTANT TO NOTE THAT WE HAVE AGAIN INCLUDED IN THE GENERAL PROVISIONS THE NECESSARY LEGISLATIVE LANGUAGE TO ENSURE CONSISTENCY IN THE LEVELS OF PAY ADJUSTMENTS PROVIDED TO FEDERAL BLUE-COLLAR AND WHITE-COLLAR EMPLOYEES.

FOR THOSE WHITE-COLLAR EMPLOYEES, THE PRESIDENT'S BUDGET FOR FISCAL YEAR 2000 SEEKS A PAY INCREASE OF 4.4 PERCENT, WITH THE APPROPRIATE DISTRIBUTION BETWEEN AN ACROSS-THE-BOARD RAISE AND LOCALITY PAY TO BE DETERMINED FOLLOWING DISCUSSIONS WITH INTERESTED PARTIES, INCLUDING EMPLOYEE AND PROFESSIONAL ORGANIZATIONS AND OTHERS.

THANK YOU FOR THIS OPPORTUNITY TO SUBMIT THIS STATEMENT FOR THE RECORD. I WOULD BE PLEASED TO RESPOND TO ANY ADDITIONAL QUESTIONS OR PROVIDE SUCH ADDITIONAL INFORMATION FOR THE RECORD AS THE SUBCOMMITTEE MAY REQUIRE.

STATEMENT FOR THE RECORD OF
HONORABLE PATRICK E. McFARLAND, INSPECTOR GENERAL
UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

for the

SUBCOMMITTEE ON TREASURY, POSTAL SERVICE,
AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

on

FISCAL YEAR 2000 APPROPRIATIONS REQUEST
FOR THE OFFICE OF THE INSPECTOR GENERAL
AT THE UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

THANK YOU FOR PROVIDING ME WITH THIS OPPORTUNITY TO DISCUSS THE
PRESIDENT'S FISCAL YEAR 2000 REQUEST FOR APPROPRIATIONS FOR THE OFFICE
OF THE INSPECTOR GENERAL. THE TOTAL REQUEST FOR THE OFFICE OF THE
INSPECTOR GENERAL IS \$10,605,000, WHICH IS AN INCREASE OF \$500,000 ABOVE
THE AMOUNT APPROPRIATED IN FY 1999. OF THIS AMOUNT, \$960,000 IS FROM
THE SALARIES AND EXPENSES/GENERAL FUND AND \$9,645,000 IS FROM THE
TRUST FUNDS. IN ADDITION, WE PLAN FOR \$150,000 IN ADVANCES AND
REIMBURSEMENTS.

THE OFFICE OF THE INSPECTOR GENERAL RECOGNIZES THAT OVERSIGHT OF
THE RETIREMENT AND INSURANCE TRUST FUNDS ADMINISTERED BY THE
OFFICE OF PERSONNEL MANAGEMENT (OPM) IS, AND WILL BE, ITS MOST

SIGNIFICANT CHALLENGE. THESE TRUST FUNDS ARE AMONG THE VERY LARGEST HELD BY THE UNITED STATES GOVERNMENT. THEIR ASSETS TOTALED \$487.8 BILLION IN FISCAL YEAR 1998 AND THEIR ANNUAL PROGRAM AND OPERATING EXPENSES WERE \$96.5 BILLION. THE AMOUNTS OF THEIR BALANCES ALONE ARE MATERIAL TO THE INTEGRITY OF THE GOVERNMENT'S FINANCIAL POSITION. I HAVE ALLOCATED OVER 90 PERCENT OF THE OFFICE OF INSPECTOR GENERAL'S EFFORTS AND RESOURCES TO TRUST FUND OVERSIGHT, AND I BELIEVE THAT WE ARE NOW AS FULLY COMMITTED TO TRUST FUND WORK AS IS POSSIBLE WITHIN THE CONTEXT OF OUR CURRENT RESOURCE STRUCTURE.

OUTLAYS FROM THE OPM RETIREMENT TRUST FUNDS ARE MADE IN THE FORM OF PAYMENTS TO MILLIONS OF ANNUITY RECIPIENTS. THE HEALTH INSURANCE TRUST FUND PROVIDES PAYMENTS TO APPROXIMATELY 400 HEALTH INSURANCE CARRIERS NATIONWIDE. IN TURN, THE HEALTH INSURANCE CARRIERS PAY MILLIONS OF CLAIMS FOR SERVICES FILED BY THEIR ENROLLEES AND HEALTH CARE PROVIDERS. SUCH HEALTH INSURANCE PAYMENTS ARE HIGHLY SUSCEPTIBLE TO FRAUD. STUDIES BY LAW ENFORCEMENT AGENCIES, THE GENERAL ACCOUNTING OFFICE, AND INDUSTRY GROUPS HAVE CONSISTENTLY PROJECTED THAT SUBSTANTIAL AMOUNTS WILL REFLECT IMPROPER, INACCURATE, OR FRAUDULENT PAYMENTS. WE OWE AN AFFIRMATIVE OBLIGATION TO FEDERAL EMPLOYEES AND ANNUITANTS TO

PROTECT THE INTEGRITY OF THEIR EARNED BENEFIT PROGRAMS, AND TO THE FEDERAL AGENCIES AND THE AMERICAN TAXPAYERS WHO PROVIDE THE MAJORITY OF THE PROGRAMS' FUNDING TO REDUCE LOSSES DUE TO FRAUD AND IMPROPRIETY AND TO RECOVER MISSPENT FUNDS WHENEVER POSSIBLE.

WORKING WITH RESOURCES PROVIDED, THE OFFICE OF THE INSPECTOR GENERAL HAS ACHIEVED AN IMPRESSIVE RECORD OF COST EFFECTIVENESS IN COMBATING FRAUDULENT ACTIVITIES. AUDITS AND INVESTIGATIONS OF THE TRUST FUND PROGRAMS HAVE RESULTED IN SIGNIFICANT FINANCIAL RECOVERIES TO THE TRUST FUNDS AND COMMITMENTS BY PROGRAM MANAGEMENT TO RECOVER ADDITIONAL AMOUNTS. IN FY 1998, THESE RECOVERIES AND COMMITMENTS TOTALED APPROXIMATELY \$76.4 MILLION. THIS EQUATES TO APPROXIMATELY \$8 OF FINANCIAL IMPACT FOR EACH DOLLAR APPROPRIATED TO THE OFFICE OF THE INSPECTOR GENERAL BY CONGRESS.

THE ADDITIONAL \$500,000 BEING REQUESTED FOR FY 2000 IS THE SECOND PHASE OF A REQUEST MADE OF AN EQUAL AMOUNT, AND APPROPRIATED BY CONGRESS IN FY 1999. THIS WILL ENABLE THE OFFICE OF THE INSPECTOR GENERAL TO MAKE PROGRESS TOWARD ACHIEVING AN AVERAGE AUDIT CYCLE OF FIVE YEARS FOR CARRIERS PARTICIPATING IN THE FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM (FEHBP) BY INCREASING THE SIZE OF THE AUDIT

STAFF AVAILABLE. THE PREFERRED AUDIT CYCLE RANGES BETWEEN THREE AND FIVE YEARS. THE OFFICE OF THE INSPECTOR GENERAL BELIEVES THAT HIGH RISK CARRIERS (BASED ON RELATIVE SIZE AND PAST AUDIT EXPERIENCE) SHOULD BE AUDITED AT LEAST EVERY THREE YEARS WHILE THE REMAINING CARRIERS SHOULD BE AUDITED NO LESS THAN EVERY FIVE YEARS. ANY CYCLE LONGER THAN FIVE YEARS EXPOSES THE FEHBP TO THE RISK OF SUBSTANTIAL LOSS BECAUSE OF CONTRACTUAL PROVISIONS AND FEDERAL REGULATIONS THAT LIMIT RETENTION BY HEALTH CARRIERS OF FEHBP ADMINISTRATIVE RECORDS TO FIVE YEARS. IN ADDITION TO PROVIDING INCREASED FEHBP TRUST FUND OVERSIGHT, REDUCING THE AUDIT CYCLE TO FIVE YEARS WILL RESULT IN CONSIDERABLE FINANCIAL RECOVERIES. A HIGHLY CONSERVATIVE ESTIMATE, BASED ON FY 1997 AND FY 1998 EXPERIENCE, INDICATES THAT THE OFFICE OF THE INSPECTOR GENERAL WILL BE ABLE TO RECOVER AT LEAST AN ADDITIONAL \$4.5 MILLION ANNUALLY AS A DIRECT RESULT OF THE INCREASED RESOURCES REQUESTED FOR FY 2000. ASSUMING THAT EACH NEW AUDITOR IS TRAINED AND FULLY FUNCTIONAL, THE LEVEL OF ADDITIONAL RECOVERIES COULD APPROACH \$9 MILLION PER YEAR.

THE FEHBP IS THE LARGEST EMPLOYER-SPONSORED HEALTH INSURANCE PROGRAM IN THE UNITED STATES--PROVIDING HEALTH BENEFITS TO APPROXIMATELY 9 MILLION PERSONS--AND IS THE THIRD-LARGEST FEDERALLY FUNDED HEALTH CARE PROGRAM, AFTER MEDICARE AND MEDICAID. IT HAS

INCREASINGLY BEEN CITED AS A MODEL OF THE WAY A HEALTH INSURANCE PROGRAM CAN OFFER A WIDE CHOICE OF COVERAGE OPTIONS WHILE CONTROLLING COST INCREASES. OVERSIGHT RESPONSIBILITY FOR A PROGRAM OF THIS SIZE AND SIGNIFICANCE REQUIRES MY OFFICE TO DEVOTE EVERY EFFORT TOWARD ACHIEVING THE OBJECTIVE OF BEING ACKNOWLEDGED AS A NATIONWIDE LEADER IN FIGHTING HEALTH CARE FRAUD.

IN THIS REGARD, I AM PLEASED TO REPORT THAT WE HAVE BEGUN TO IMPLEMENT P.L. 105-266, THE FEDERAL EMPLOYEES HEALTH CARE PROTECTION ACT OF 1998, SIGNED INTO LAW BY PRESIDENT CLINTON ON OCTOBER 19, 1998. THIS STATUTE PROVIDES OPM WITH A COMPREHENSIVE AND PROCEDURALLY EFFICIENT AUTHORITY TO TAKE ADMINISTRATIVE SANCTIONS ACTION AGAINST HEALTH CARE PROVIDERS WHO COMMIT VIOLATIONS AGAINST THE FEHBP. SINCE MAY 1993, WE HAVE OPERATED A LIMITED DEBARMENT PROGRAM UNDER THE AUTHORITY OF THE GOVERNMENT-WIDE DEBARMENT AND SUSPENSION COMMON RULE. THESE EFFORTS HAVE RESULTED IN OVER 11,000 DEBARMENTS.

THE OFFICE OF THE INSPECTOR GENERAL CONTINUES TO SEEK INCLUSION OF THE FEHBP AS A FULL PARTICIPANT IN THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996. FEHBP WAS EXCLUDED FROM REMEDIAL AND CIVIL ENFORCEMENT AUTHORITIES FOR HEALTH CARE FRAUD WHICH WERE MADE APPLICABLE TO ALL OTHER FEDERAL HEALTH CARE PROGRAMS.

THEREFORE, OUR ABILITY TO COMBAT FRAUD AND RECOVER FUNDS WHICH HAVE BEEN PAID IMPROPERLY HAS BEEN DRASTICALLY LIMITED, RELATIVE TO THE REST OF THE FEDERAL HEALTH CARE COMMUNITY. THIS IS SIMPLY NOT COMPATIBLE WITH THE BEST INTERESTS OF THE PROGRAM AND ITS SUBSCRIBERS, WHO DESERVE A LEVEL OF PROTECTION WHICH REPRESENTS NO LESS THAN THE CURRENT STATE OF THE ART.

THANK YOU FOR THIS OPPORTUNITY TO STATE ONCE MORE MY REQUEST FOR FISCAL YEAR 2000.



Fiscal Year 2000

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

February 1999

50-421-776

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U. S. OFFICE OF PERSONNEL MANAGEMENT

FY 2000 BUDGET JUSTIFICATION/PERFORMANCE PLAN

EXECUTIVE SUMMARY

*We have incorporated our FY 2000 Congressional budget justification and our FY 2000 Annual Performance Plan required by the Government Performance and Results Act into this single, comprehensive document. In the following Executive Summary, we have identified the key challenges, our agency priorities, and funding implications, which are described in more detail in the individual program plans included in the complete Annual Plan. All of our initiatives tie into the long-term goals and objectives identified in our strategic plan, **Federal Human Resources Management for the 21st Century**, submitted to Congress on September 29, 1997*

U.S. OFFICE OF PERSONNEL MANAGEMENT'S LEADERSHIP ROLE

The President leads the Federal Government's civilian workforce of approximately 1.8 million employees (not counting postal workers). The U. S. Office of Personnel Management (OPM) is the President's agent and advisor for the Government's human resources management systems. *OPM's key responsibility is to ensure that these systems support agencies in recruiting, hiring, and retaining the merit-based, high-quality, diverse workforce necessary to meet the needs of the American people.*

OPM's strategy is to provide human resources management (HRM) leadership and services for all agencies, in a manner that blends and balances flexibility and consistency across Government. Specifically, our strategy is to serve the interests of the Government as a single employer by sustaining essential Governmentwide values, such as merit system principles and accountability, veterans' preference, workforce diversity, and family friendly policies. And, at the same time, we equip agencies with the flexible policies and systems necessary to recruit, retain, train, and manage employees in a manner appropriate to each agency's unique needs. We also administer Governmentwide compensation, earned employee benefits, and automated information systems. These systems serve the Government's best interests as an employer and offer economies-of-scale only available when designed and managed on a Governmentwide basis. We provide assistance and services to agencies through an effective and efficient mix of appropriated, trust, and reimbursable funds.

In carrying out its functions, OPM relies heavily on its own expert staff, broadly applied cutting-edge technology, and effective partnerships with a wide range of stakeholder groups who represent many points of view. These include Federal agencies, current Federal employees;

employee unions and the National Partnership Council; professional and management associations; Federal annuitants and their organizations; job-seekers; veterans and their service organizations; minorities, women, and persons with disabilities and their organizations; colleges and universities and their associations; and insurance carriers.

CHALLENGES AND PRIORITIES FOR THE YEAR 2000

The world of work has changed significantly in the last 20 years, for both the private and the public sectors. The increased availability and need for information has changed every worker into a knowledge worker. Workers require new skills and competencies to succeed in new organizational structures, like teams, and to adapt to rapidly changing directions and technology, while still delivering good customer service.

As the Federal workforce began to face these challenges in recent years, it also was downsized significantly. Yet, within this same period, not only has the Federal workforce survived, but it has thrived. With the support of good HRM leadership, three major changes in the workforce have occurred -- changes that will assist in meeting the increasing demands facing the Federal Government:

- The Federal workforce has become more diverse and representative of the entire spectrum of the American population. Although significantly smaller in size, it has retained its improved diversity, and is also better educated, and thus better able to handle the technical complexities of the modern work environment.
- The Federal workforce is much more focused on its customer -- the American public. Results from a recent Governmentwide survey administered by the National Partnership for Reinventing Government (NPR) show a dramatic increase in customer orientation.
- The growth of partnership between management and employees has allowed cooperative relationships to flourish and has helped this smaller workforce to maintain and improve its service to the public.

OPM's challenge for FY 2000 and beyond is to provide HRM systems that not only continue to respond so effectively to the dramatic changes of the past 20 years, but also will adapt readily to the workplace of the future -- as it changes in ways and at speeds we cannot begin to imagine.

We will meet this challenge through a series of initiatives that include human resources management accountability, performance-oriented compensation, staffing flexibilities, the key role of executive leadership and more. Best practice and benchmarking reviews make it plain that "one size fits all" approaches in areas like compensation and staffing do not effectively serve

agencies and their differing strategic objectives. We will work to provide agencies with system flexibilities to more strongly link pay and performance for Federal employees and help agencies recruit and retain the high-quality, diverse workforce they need to meet their mission and respond to increasing customer and workplace demands. At the same time, we recognize that the creation of additional personnel flexibilities increases the need for OPM to ensure that the Government's HRM systems are designed and operated under merit principles.

OPM is committed to getting all agencies and all segments of the workforce the flexibilities necessary to meet their strategic goals more effectively. In addition, we will work to get the HRM profession full recognition as a strategic partner in accomplishing the business of agencies.

OPM's Top Priorities for FY 2000

OPM's top seven priorities for FY 2000 will help to meet these challenges. Our priorities are:

1. Improve linkage between pay and performance.

OPM will continue to develop programs that support the idea that compensation should be linked to performance and results. In FY 2000, OPM will introduce short-term changes (based on work begun in FY 1999) to improve Federal pay and performance management systems, and will continue to promote improved employee performance by maintaining a flexible framework for performance management which encourages and rewards good performance and strengthens the link between performance and pay. OPM will also continue its longer term effort to develop a performance-oriented total compensation system suitable for the variety of missions, structures, labor markets, and technologies that will characterize the Federal workplace of the 21st century. We have established the Total Compensation Policy Center to conduct research and outreach to our stakeholders to find out what the Government needs to change in order to compete in the next century. In addition, through our new Center for Benefits Design and Delivery, we will position ourselves to move forward with enhancements to the Federal employee earned benefits programs. These enhancements include new life insurance products and the Administration's proposal to offer long-term care for Federal employees and annuitants.

2. Provide flexibilities and tools for recruitment and hiring.

After a long period of restructuring and downsizing, agencies are facing immediate needs for hiring in several mission-critical occupations, such as information technology and law enforcement, and are facing potential needs from baby boom demographics and the increase in retirements that will result. Both the immediate and long-term needs require improved recruitment tools and additional hiring flexibilities. Agencies need model recruitment plans which target the new skills and diverse backgrounds required to accomplish their missions; quick hiring programs which enable them to compete in a tight job market; special hiring programs

such as the Presidential Management Intern and new entry level intern programs that attract high quality, diverse future managers to the Federal workforce; and executive succession planning. Priority will be given to improving Federal employment opportunities for adults with disabilities and Hispanic Americans, and to initiatives to recruit, develop, and retain computer security professionals. And, because the workforce of the future will need new competencies and skills, we will provide information and tools to identify and assess these competencies. We will also continue to support the highly automated, accessible USAJOBS competitive job information system, which supports merit principles by providing fair and open access to all candidates, and which saves the Government millions of dollars each year because agencies have no need to create redundant and expensive systems of their own. We will also work with agencies to develop workforce planning and analysis tools to assist them in assessing and projecting their internal skill and workforce composition needs, identifying recruitment sources, and conducting meaningful succession planning.

3. Strengthen oversight.

OPM's essential ability to oversee the merit system is a continuing priority. Human resources management authorities increasingly have been made more flexible, and delegated to line managers. Many agencies have been exempted from key provisions of the civil service laws in title 5, United States Code, but they still must observe merit system principles. Also many agencies have cut their human resources support staffs by half. This, coupled with increased flexibility and delegations in personnel authority, has significantly increased the potential for abuse of the merit system in agency personnel actions. We will strengthen our activities to support compliance with the merit principles through oversight visits, to provide assistance to agency delegated examining units, and to work with agencies to develop new internal accountability systems.

4. Refocus attention on learning.

OPM will be leading the Federal Government's initiative to reinvigorate training and development programs in order to promote lifelong learning and to ensure that our workforce, at all levels, is prepared to meet the demands of the 21st century. In FY 2000, the President's Task Force on Federal Training Technology, chaired by OPM's Director, will finalize recommendations for a policy to provide for the most effective use of today's technology in order to provide the best and most accessible training possible for Federal employees. OPM will work closely with other agencies and the private sector to eliminate the barriers to effective training programs and to recommend changes to procurement laws, identify opportunities for cross-agency training, and recommend standards for training software purchases by Federal agencies.

5. Modernize HR Information Technology.

OPM is working to modernize its internal systems and processes to improve the utility and accessibility of information for merit system oversight reviews, for retirement processing, and for planning and budgeting by external users such as the Office of Management and Budget (OMB), the White House, Congress, the General Accounting Office (GAO), other Federal agencies, the media, and the public. These ongoing modernization efforts complement the broader, Governmentwide vision of a "Virtual Federal Human Resources Data Repository" (VHRDR) currently being analyzed by the interagency Human Resources Technology Council (HRTC). The VHRDR will enable the electronic transfer of HR data across Government, streamline and improve Governmentwide reporting, and eventually allow for the elimination of cumbersome and costly paper personnel records.

A critical component of this priority is Retirement Systems Modernization (RSM). Based on business processes that are reengineered in consultation with OPM's strategic business partners, the initiative is critical to our ability to continue improving the delivery of retirement program services to both annuitants and employees. For example, without modernized systems we will not be able to reduce Federal Employee Retirement System (FERS) processing times, as we have successfully done for Civil Service Retirement System (CSRS) annuitants.

Another critical component is the modernization of the Central Personnel Data File (CPDF) to improve communication with those agencies submitting CPDF data, to make the information more readily accessible, and to integrate this effort into the VHRDR initiative.

6. Support the family friendly workplace.

OPM will continue to encourage the Federal Government to be the model employer for family friendly programs, by providing and promoting affordable child care options, alternative work schedules, family and medical leave, telecommuting, part-time employment and job-sharing opportunities, and employee assistance programs. These programs are essential to help our workforce better balance the ever increasing demands of work and home responsibilities. In addition, the most competitive companies in the private sector find that programs like these help them attract and retain the best and brightest employees. OPM's Family Friendly Workplace Advocacy Office will become fully operational by FY 2000, and will serve as a central point of contact for Federal workers who need information on family friendly initiatives as well as those who wish to raise concerns about the operation of these programs within their organizations.

7. Improve financial management.

OPM is committed to continuous improvement in all of its financial management operations, systems, policies and procedures as well as improving the quality of service to all customers.

Over the past few years, internal and external reviews and audits have identified internal and management control weaknesses in our financial administrative and trust funds areas. We have categorized those that are most vital to mission success and which involve long-term fixes and those that can be strengthened in the near term. We have made significant progress in addressing and correcting these. OPM will continue to use Quality Improvement Teams (QITs) comprised of cross-functional representatives including the Office of the Inspector General to address these areas.

MEASURING OUR SUCCESS

In September 1997, OPM delivered its first Strategic Plan to the Congress, covering 1997 - 2002. The Plan includes five major goals -- four external and one internal -- which are all focused on the overarching outcome of achieving a high-quality, diverse Federal workforce, within the principles of a merit-based system. The five strategic goals define outcomes for policy leadership, oversight, technical assistance, and direct service delivery (external goals), and operating as a model employer (internal goal), to be reached by the end of FY 2002. The FY 2000 Annual Plan sets incremental targets for progress toward the strategic goals.

Both the Strategic Plan and the Annual Plan use the process of multi-measurement to assess our success in meeting the overarching goal of a high-quality, diverse workforce. Assessment of the quality of any workforce -- Federal or otherwise -- has been recognized as a significant measurement challenge. Consequently, OPM is using a measurement approach which depends on a balanced set of intermediate indicators from multiple available data sources. Two key indicators are direct surveys to assess the perceptions of Federal employees about workforce quality and the fairness and equity of HRM processes, and user surveys -- from both public and internal customers -- to assess customer satisfaction with the content, process and outcomes of policies and services.

The primary employee surveys used are the OPM Merit System Principles Questionnaire and the National Partnership for Reinventing Government (NPR) Survey. The primary customer surveys used are OPM agency customer surveys (HR Directors and HR specialists) and surveys of job-seekers, annuitants, and health insurance users. Other direct measures include data on the diversity of the Federal workforce, timeliness and quality of operations, and usage data (such as web site visitors).

Other key indicators are qualitative in nature, rather than quantitative. These are the results of externally conducted program evaluations, conducted by such entities as the Merit Systems Protection Board (MSPB), the GAO, and the National Academy of Public Administration (NAPA). Each of these organizations conducts periodic studies of Federal HRM practices and outcomes, and their findings are an important measure of program success.

Finally, in some instances OPM relies on indirect, or surrogate, measures as indicators. One surrogate measure is the use of competency-based selection tools to hire and promote workers. The assumption underlying this measure is that recent research has identified the wide range of competencies needed by employees in today's changing workplace, and the use of tools which are based on a full evaluation of these competencies will translate to a more highly-qualified workforce.

The section of this Annual Plan under the tab "Verification and Validation of Data" provides a complete discussion of the complexities associated with these and other measures used in our Plan and the steps planned or taken by OPM to ensure that the data are valid and verifiable.

HOW OPM'S ANNUAL PLAN ADDRESSES OUR PRIORITIES

As it was for FY 1999, our FY 2000 Annual Plan is completely integrated with our Congressional Budget Justification. Because it is linked to the budget, the details of the Annual Plan are organized by program area and funding source.

To assist with understanding the linkages between the overall OPM priorities and the individual performance plans for each program area, we have included two reference tools: 1) a complete listing of all of the program goals that relate to each Strategic Plan goal, under the tab labeled "Crosswalk to Strategic Plan"; and 2) a table of resources linked to each strategic goal under the tab labeled "Resource Summary by Goal."

Our goal in preparing this performance plan has been to ensure that the reader has a clear sense of not only what OPM plans to accomplish, but the particular strategies and tactics to be employed, and the measures of success that will be used. Each program plan is presented in the same format, and includes the following sections:

- **Description of Activity** -- which describes the primary responsibilities for the program. This section includes a description of the skills and systems that are necessary for the program to carry out its responsibilities successfully.
- **FY 2000 Priorities** -- which identifies the key priorities for the program, under that particular funding source, for FY 2000.
- **Annual Plan Goals** -- each of which are numbered consecutively, and appear directly below the Strategic Plan goal and objective they support. Goals that continued from the FY 1999 plan are identified as such.

- **Means** -- a list of the specific strategies and actions to be carried out in FY 2000 for each goal.
- **Indicators/Performance Results** -- a list of the indicators, or measures, of success for the annual goal. These indicators are followed by information on accomplishments for FY 1998, and actions for FY 1999, which related specifically to the performance measure described.
- **Verification and Validation** -- at the end of each program plan is a list of specific verification and validation strategies for the indicators included in the plan. This list supplements the section under the tab "Verification and Validation" which covers all OPM programs.

FY 2000 BUDGET REQUEST

OPM's total FY 2000 request of \$14.5 billion, an increase of \$0.9 billion over FY 1999, is composed of appropriations that are 1 percent discretionary and 99 percent mandatory. OPM's budget request consists of two discretionary appropriation accounts containing general funds and trust funds totaling \$197.7 million and three mandatory payment appropriations totaling an estimated \$14.3 billion. In FY 2000, OPM's administrative accounts will support 2,984 FTE, the same level as in FY 1999. Since our downsizing began in FY 1993, we have reduced our FTE level by 52 percent or 3,224 from the base level of 6,208. (Refer to "OPM FY 2000 Appropriation Request" table behind the Summary Tables tab for details.)

DISCRETIONARY APPROPRIATIONS

Salaries and Expenses:

OPM's general fund request for basic operating expenses totals \$91.6 million and 733 FTE, which includes a total increase of \$6.2 million over FY 1999, will allow us to continue to provide high-quality, innovative human resources leadership, oversight, and technical assistance to Federal agencies, including the priority goals for FY 2000 described above. The increase includes: 1) \$3.4 million for reimbursement of new National Archives and Records Administration (NARA) fees for the cost of storing and servicing official personnel files for all agencies Governmentwide. This accommodates a decision to change NARA's financing from an appropriated to reimbursable basis. This financing change will require OPM to reimburse NARA for its Governmentwide services and will not directly benefit OPM; 2) \$2.0 million to initiate an outreach program with high schools, colleges, and universities and to develop strategies to recruit and train students for information security and technology occupations in the Federal Government; 3) \$0.6 million to expand OPM's oversight efforts in ensuring that merit system principles are followed; and 4) \$0.2 million for the agency's information technology infrastructure.

For the administration of the civil service retirement and insurance programs, OPM is requesting a total of \$95.5 million in transfers from the trust funds for 1,357 FTE. The request includes an increase of \$4.0 million to remain available until expended for the Retirement Systems Modernization Project, an OPM priority discussed above. Also included is a small increase of \$0.3 million to assist in the development of a new Center for Benefits Design and Delivery. We also anticipate funding to administer the Administration's proposal for a new long-term care insurance program for Federal employees, their spouses, parents and parents-in-laws.

This account also includes 110 FTE to be financed by reimbursements from other agencies for the provision of HRM technical assistance, and from OPM programs for the provision of agency-wide services.

Office of Inspector General Salaries and Expenses:

The request for the Office of the Inspector General (OIG) totals \$10.6 million and 111 FTE, and includes about \$1.0 million in general funds and \$9.6 million in transfers from the trust funds to enable the OIG to carry out its audit, investigative and review responsibilities. The request includes an increase of \$0.5 million in trust funds and 5 FTE to enable the OIG to increase the frequency of Federal Employees Health Benefits Program (FEHBP) audits. This account also includes one FTE to be financed by reimbursements from the Department of Treasury's Auditor Training Institute.

REVOLVING FUND

OPM provides a variety of services that are financed by payments from other agencies through the Revolving Fund. For ongoing Revolving Fund programs, the FY 2000 budget includes an estimated \$194.1 million in obligations and 673 FTE to be financed by other agencies for OPM's services. These services include: training for Federal managers and executives; testing of potential military inductees for the Department of Defense in those locations where it is cost-effective for OPM to do so; providing employment information; providing assessment services; automating other agencies' staffing systems; examining for vacancies when requested by an agency; providing technical assistance and general consultation services on all facets of human resources management; and the selection, coordination and development of Presidential Management Interns. The Investigations Service conducts checks, inquiries, and background security investigations of individuals who are candidates for positions identified as critical-sensitive by the requesting agencies, or reinvestigations of individuals occupying positions identified as critical-sensitive.

OPM reversed a ten-year trend of increasing deficits in its Revolving Fund by making tough management decisions, imposing tighter financial controls across all programs, increasing accountability, and downsizing. In addition, OPM successfully privatized two major Revolving Fund programs, training and investigations, including the creation of the Government's first Employee Stock Ownership Plan. These actions have resulted in the Revolving Fund continuing to be above the breakeven point at the end of FY 1998 after experiencing a \$48.8 million deficit at the end of FY 1994.

MANDATORY APPROPRIATIONS**Government Payment for Annuitants, Employees Health Benefits:**

A "such sums as may be necessary" appropriation is requested for an estimated \$5.1 billion, an increase of \$0.5 billion over FY 1999, to finance the Government's share of health benefit costs for 1.9 million annuitants participating in the program.

Government Payment for Annuitants, Employees Life Insurance:

A "such sums as may be necessary" appropriation is requested for an estimated \$36.2 million, an increase of \$1.6 million over FY 1999, to finance the Government's share of life insurance premiums for 280,000 annuitants electing post-retirement coverage.

Payment to the Civil Service Retirement and Disability Fund:

A "such sums as may be necessary" appropriation is requested to fund an estimated \$9.1 billion, an increase of \$0.4 billion over FY 1999, for payments to finance liabilities created by legislation enacted since 1969 which affected benefits (primarily pay raises).

FOUNDATION OF THE FY 2000 ANNUAL PERFORMANCE PLAN

The foundation for our integrated FY 2000 Annual Performance Plan and Budget Justification can be found in *Federal Human Resources Management for the 21st Century*, OPM's Strategic Plan for FY 1997 through FY 2002. The cornerstone for that plan is its mission statement and five related strategic goals:

OPM's STRATEGIC MISSION STATEMENT

As the leader in human resource management for the Executive branch of government, OPM develops policies, in cooperation with Federal agencies and other stakeholders, so that agencies can recruit, hire, and retain workforces best suited to their missions. OPM oversees the Government wide implementation of those policies so that agencies will uphold national values that are embodied in law — including merit principles and veterans' preference. OPM manages Government wide systems that support agencies and their employees by administering retirement, insurance, and other benefit systems for Federal employees and annuitants. OPM also administers Government wide compensation systems and maintains automated information systems that are used to inform the public of Federal employment opportunities and are used to keep managers and the public informed about the nature and size of the current Federal workforce. OPM also provides high-quality, cost-efficient services to other agencies.

OPM'S STRATEGIC GOALS

- Goal I. Provide policy direction and leadership to recruit and retain the Federal workforce required for the 21st Century.
- Goal II. Protect and promote the merit-based civil service and the employee earned benefit programs through an effective oversight and evaluation program.
- Goal III. Provide advice and assistance to help Federal agencies improve their human resources management programs to effectively operate within the economy, demographics and environment of the 21st Century.
- Goal IV. Deliver high-quality, cost-effective human resources services to federal agencies, employees, annuitants and the public.
- Goal V. Establish OPM as a leader in creating and maintaining a sound, diverse and cooperative work environment.

OPM FY 2000 APPROPRIATION REQUEST

ACCOUNTS REQUIRING CONGRESSIONAL ACTION

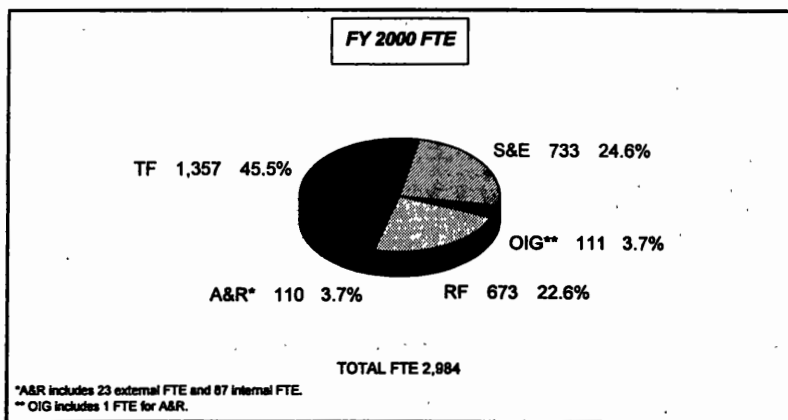
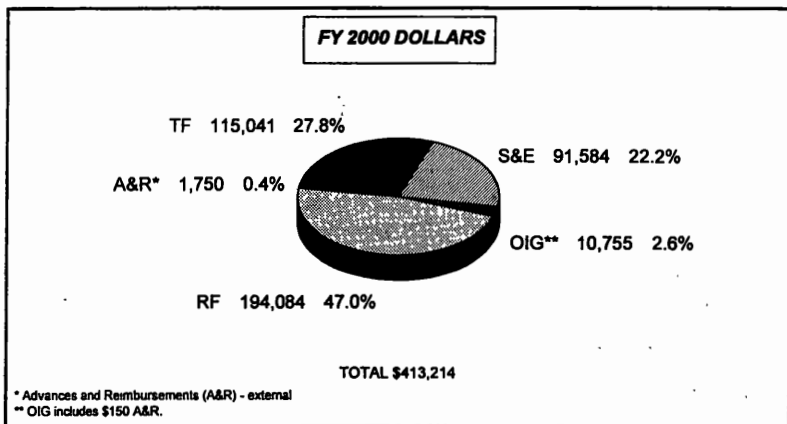
(dollar amounts in thousands)

	GENERAL FUND BUDGET AUTHORITY	TRUST FUNDS BUDGET AUTHORITY	TOTAL
TOTAL REQUEST	<u>\$14,355,105</u>	<u>\$105,131</u>	<u>\$14,460,236</u>
APPROPRIATIONS:			
Discretionary:	<u>92,544</u>	<u>105,131</u>	<u>197,675</u>
Salaries & Expenses:	91,584	95,486	187,070
General Fund	91,584	---	91,584
Trust Funds - Annual	---	91,486	91,486
Trust Funds - Retirement Systems Modernization, (No-Year)	---	4,000	4,000
OIG Salaries & Expenses:	960	9,645	10,605
General Fund	960	---	960
Trust Funds	---	9,645	9,645
Mandatory:	<u>14,262,561</u>	<u>---</u>	<u>14,262,561</u>
Government Payment for Annuitants, Employees Health Benefits "Such sums as may be necessary"	5,105,482	---	5,105,482
Government Payment for Annuitants, Employees Life Insurance "Such sums as may be necessary"	36,207	---	36,207
Payment to the Civil Service Retirement and Disability Fund: * "Such sums as may be necessary"	9,120,872	---	9,120,872

* Permanent budget authority of \$12,690,665 (not shown here) requires no Congressional action.

OFFICE OF PERSONNEL MANAGEMENT FY 2000 ADMINISTRATIVE OBLIGATIONS

(\$000s)



OFFICE OF PERSONNEL MANAGEMENT

ADMINISTRATIVE OBLIGATIONS

(dollar amounts in thousands)

ACCOUNT	FY 1999		FY 2000		FY 2000 CHANGE	
	\$	FTE	\$	FTE	\$	FTE
Salaries and Expenses:	\$207,309	2,183	\$208,375	2,200	\$1,066	17
General Fund	85,350	716	91,584	733	6,234	17
General Fund Carryover	200	---	---	---	(200)	---
Trust Funds Total:	120,009	1,357	115,041	1,357	(4,968)	---
Trust Fund (annual)	91,236	1,348	91,486	1,357	250	9
Trust Fund (annual) - Carryover	---	---	---	---	---	---
Trust Fund - Title V	19,555	---	19,555	---	---	---
Trust Fund (no-year)	9,218	9	4,000	---	(5,218)	(9)
Advances and Reimbursements	1,750 *	110	1,750 *	110	---	---
 Inspector General - Salaries & Expenses:	 \$10,300	 106	 \$10,755	 111	 \$455	 5
General Fund	960	10	960	10	---	---
General Fund - Carryover	25	---	---	---	(25)	---
Trust Fund (annual)	9,145	95	9,645	100	500	5
Trust Fund (annual) - Carryover	20	---	---	---	(20)	---
Advances & Reimbursements	150	1	150	1	---	---
 Revolving Fund:	 \$188,375	 695	 \$194,084	 673	 \$5,709	 (22)
DOD Testing	7,601	157	7,980	157	379	---
Employment Service	34,038	364	36,083	364	2,045	---
Investigations Service	87,713	35	89,748	35	2,035	---
Workforce Relations	36,622	27	37,478	27	856	---
Executive Resources	22,401	69	22,795	69	394	---
Agency Reserve (FTE)	---	43	---	21	---	(22)
 TOTAL OPM	 \$405,984	 2,984	 \$413,214	 2,984	 \$7,230	 ---

* External

OFFICE OF PERSONNEL MANAGEMENT
FY 2000 TRANSFERS FROM THE TRUST FUNDS

NEW OBLIGATIONAL AUTHORITY
(dollar amounts in thousands)

	OPM		
	<u>S&E</u>	<u>OIG</u>	<u>TOTAL</u>
<u>TRUST FUNDS:</u>			
Civil Service Retirement and Disability Fund:			
Annual	\$75,103	\$1,061	\$76,164
No-Year (Retirement Systems Modernization)	<u>4,000</u>	<u>---</u>	<u>4,000</u>
Sub-Total	\$79,103	\$1,061	\$80,164
Employees and Retired Employees Health Benefits	14,988	8,102	23,090
Employees Life Insurance	1,395	482	1,877
Total OPM	<u>\$95,486</u>	<u>\$9,645</u>	<u>\$105,131</u>

The Merit Systems Protection Board (MSPB) also receives an annual transfer for administrative costs from the Civil Service Retirement and Disability Fund. MSPB's FY 2000 request is \$2,430. MSPB is not part of OPM and submits its budget separately.

OFFICE OF PERSONNEL MANAGEMENT

FY 2000 RESOURCE SUMMARY BY STRATEGIC GOAL

(dollar amounts in thousands)

SUMMARY OF GOALS I THROUGH V

ACTIVITIES	Salaries & Expenses		Trust Fund		Advances & Reimbursements		Revolving Fund		Total	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Grand Total	92,544	743	124,686	1,457	1,900	111	194,084	673	413,214	2,984
Ment Sys Oversight & Effectiveness	21,244	212	0	0	0	0	0	0	21,244	212
Employment Service	30,893	219	0	0	0	0	36,083	364	66,976	583
ES - DOD Testing	0	0	0	0	0	0	7,980	157	7,980	157
Retirement & Insurance Service	0	0	108,307	1,280	750	5	0	0	109,057	1,285
Workforce Comp. & Perf. Service	7,659	74	0	0	500	7	0	0	8,159	81
Investigations Service	3,141	29	0	0	0	0	89,748	35	92,889	64
Workforce Relations	3,812	38	0	0	500	10	37,478	27	41,790	75
Executive Resources	2,494	23	0	0	0	1	22,795	69	25,289	93
Administrative Services	14,186	57	2,909	31	3,561	48	0	0	20,656	136
Executive & Other Services	8,155	81	3,825	46	3,908	39	0	0	15,888	166
Agency FTE Reserve	0	0	0	0	0	0	0	21	0	21
Less Internal A&R	0	0	0	0	(7,469)	0	0	0	(7,469)	0
Total	91,584	733	115,041	1,357	1,750	110	194,084	673	402,459	2,873
Inspector General	960	10	9,845	100	150	1	0	0	10,755	111

Goal I. PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.

ACTIVITIES	Salaries & Expenses		Trust Fund		Advances & Reimbursements		Revolving Fund		Total	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Total	44,516	340	15,739	252	3,036	32	0	0	63,291	624
Ment Sys. Oversight & Effectiveness	6,434	61	0	0	0	0	0	0	6,434	61
Employment Service	13,508	80	0	0	0	0	0	0	13,508	80
ES - DOD Testing	0	0	0	0	0	0	0	0	0	0
Retirement & Insurance Service	0	0	14,950	244	0	0	0	0	14,950	244
Workforce Comp. & Perf. Service	7,154	68	0	0	0	0	0	0	7,154	68
Investigations Service	2,854	27	0	0	0	0	0	0	2,854	27
Workforce Relations	2,343	26	0	0	0	0	0	0	2,343	26
Executive Resources	1,746	16	0	0	0	0	0	0	1,746	16
Administrative Services	6,127	18	253	2	848	11	0	0	7,228	31
Executive & Other Services	4,350	44	536	6	2,188	21	0	0	7,074	71
Total	44,516	340	15,739	252	3,036	32	0	0	63,291	624
Inspector General	0	0	0	0	0	0	0	0	0	0

**FY 2000 Resource Summary
by Strategic Goal**

Goal II. PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND EVALUATION PROGRAM.

ACTIVITIES	<u>Salaries & Expenses</u>		<u>Trust Fund</u>		<u>Advances & Reimbursements</u>		<u>Revolving Fund</u>		<u>Total</u>	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Total	22,126	202	22,167	240	299	4	0	0	44,582	446
Merit Sys. Oversight & Effectiveness	11,670	117	0	0	0	0	0	0	11,670	117
Employment Service	6,532	47	0	0	0	0	0	0	6,532	47
ES - DOD Testing	0	0	0	0	0	0	0	0	0	0
Retirement & Insurance Service	0	0	11,563	130	0	0	0	0	11,563	130
Workforce Comp. & Perf. Service	0	0	0	0	0	0	0	0	0	0
Investigations Service	287	2	0	0	0	0	0	0	287	2
Workforce Relations	70	1	0	0	0	0	0	0	70	1
Executive Resources	0	0	0	0	0	1	0	0	0	1
Administrative Services	842	8	337	3	71	1	0	0	1,250	12
Executive & Other Services	1,765	17	612	7	78	1	0	0	2,455	25
Total	21,198	192	12,512	140	149	3	0	0	33,827	335
Inspector General	960	10	9,645	100	150	1	0	0	10,755	111

Goal III. PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS AND ENVIRONMENT OF THE 21ST CENTURY.

ACTIVITIES	<u>Salaries & Expenses</u>		<u>Trust Fund</u>		<u>Advances & Reimbursements</u>		<u>Revolving Fund</u>		<u>Total</u>	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Total	16,384	165	1,642	23	3,216	39	0	0	23,242	227
Merit Sys. Oversight & Effectiveness	2,093	23	0	0	0	0	0	0	2,093	23
Employment Service	10,853	92	0	0	0	0	0	0	10,853	92
ES - DOD Testing	0	0	0	0	0	0	0	0	0	0
Retirement & Insurance Service	0	0	1,583	23	750	5	0	0	2,333	28
Workforce Comp. & Perf. Service	505	6	0	0	500	7	0	0	1,005	13
Investigations Service	0	0	0	0	0	0	0	0	0	0
Workforce Relations	1,399	11	0	0	500	10	0	0	1,899	21
Executive Resources	748	7	0	0	0	0	0	0	748	7
Administrative Services	910	8	21	0	684	9	0	0	1,615	17
Executive & Other Services	1,876	18	38	0	782	8	0	0	2,696	26
Total	16,384	165	1,642	23	3,216	39	0	0	23,242	227
Inspector General	0	0	0	0	0	0	0	0	0	0

Goal IV. DELIVER HIGH-QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES TO FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS AND THE PUBLIC

ACTIVITIES	<u>Salaries & Expenses</u>		<u>Trust Fund</u>		<u>Advances & Reimbursements</u>		<u>Revolving Fund</u>		<u>Total</u>	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Total	4,692	14	84,345	931	1,920	19	194,084	652	285,041	1,616
Ment Sys. Oversight & Effectiveness	1,047	11	0	0	0	0	0	0	1,047	11
Employment Service	0	0	0	0	0	0	36,083	364	36,083	364
ES - DOD Testing	0	0	0	0	0	0	7,960	157	7,960	157
Retirement & Insurance Service	0	0	80,211	883	0	0	0	0	80,211	883
Workforce Comp. & Perf. Service	0	0	0	0	0	0	0	0	0	0
Investigations Service	0	0	0	0	0	0	89,748	35	89,748	35
Workforce Relations	0	0	0	0	0	0	37,478	27	37,478	27
Executive Resources	0	0	0	0	0	0	22,795	69	22,795	69
Administrative Services	3,481	1	1,495	15	1,060	10	0	0	6,036	26
Executive & Other Services	164	2	2,639	33	860	9	0	0	3,663	44
Total	4,692	14	84,345	931	1,920	19	194,084	652	285,041	1,616
Inspector General	0	0	0	0	0	0	0	0	0	0

Goal V. ESTABLISH OPM AS A LEADER IN CREATING AND MAINTAINING A SOUND, DIVERSE AND COOPERATIVE WORK ENVIRONMENT.

ACTIVITIES	<u>Salaries & Expenses</u>		<u>Trust Fund</u>		<u>Advances & Reimbursements</u>		<u>Revolving Fund</u>		<u>Total</u>	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Total	2,826	22	803	11	898	17	0	0	4,527	50
Ment Sys. Oversight & Effectiveness	0	0	0	0	0	0	0	0	0	0
Employment Service	0	0	0	0	0	0	0	0	0	0
ES - DOD Testing	0	0	0	0	0	0	0	0	0	0
Retirement & Insurance Service	0	0	0	0	0	0	0	0	0	0
Workforce Comp. & Perf. Service	0	0	0	0	0	0	0	0	0	0
Investigations Service	0	0	0	0	0	0	0	0	0	0
Workforce Relations	0	0	0	0	0	0	0	0	0	0
Executive Resources	0	0	0	0	0	0	0	0	0	0
Administrative Services	2,826	22	803	11	898	17	0	0	4,527	50
Executive & Other Services	0	0	0	0	0	0	0	0	0	0
Total	2,826	22	803	11	898	17	0	0	4,527	50
Inspector General	0	0	0	0	0	0	0	0	0	0

CROSSWALK OF FY 1998–FY 2002 STRATEGIC PLAN GOALS AND OBJECTIVES TO FY 2000 ANNUAL PERFORMANCE GOALS

ORGANIZED BY FUND AND PROGRAM ACTIVITY

This table provides an easy-to-understand guide that directs the reader to the sections of OPM's *FY 2000 Congressional Budget Justification and Annual Performance Plan* that contain the specific annual performance goals, for all of OPM's programs, that support the general goals and objectives contained in OPM's Strategic Plan. Each Strategic Plan goal begins a new section of this table, and is surrounded by a double-lined box. Underneath each Strategic Plan goal are the FY 2000 resources committed to achieving this goal, across all OPM programs. Next, marked by a bold, large dot, are the more specific objectives which are a part of the Strategic Plan. (In Goal I, these more specific objectives are grouped under headings, such as "Overall Human Resources Management" and "Staffing and Examining.") Below each Strategic Plan objective is a list of all annual program goals which support that particular objective, followed by the page number where the goal can be found. The lists are organized by the funding section in which the goals are found (S&/General Fund Appropriation, Transfers from the Trust Fund, or Revolving Fund).

**Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity**

GOAL I. PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.					
FY 2000 RESOURCE SUMMARY: (\$ IN 000'S)	Salaries & Expenses	Trust Fund	Advances & Reimbursements	Revolving Fund	Total
	\$44,516 340 FTE	\$15,739 252 FTE	\$ 3,036 32 FTE	\$ 0 0 FTE	\$63,291 624 FTE
OVERALL HUMAN RESOURCES MANAGEMENT					
- By the year 2000, examine all significant Governmentwide human resources management policies and programs to identify changes needed to promote a merit-based and cost-effective Federal service and the optimum balance of Governmentwide uniformity and agency-specific flexibility across those policies and programs. - By the year 2002, propose and implement clear, effective policies and programs wherever a need for change was identified in the Year 2000 review.					
<i>S&E/General Fund Appropriation Office of Merit Systems Oversight and Effectiveness Goal 1 See page 57</i> <i>Employment Service Goal 1 See page 81</i> <i>Workforce Compensation and Performance Service Goal 1 See page 123</i> <i>Office of Workforce Relations Goal 1 See page 155</i> <i>Office of Executive Resources Goal 1 See page 184</i>					
By the year 2002, modernize the Central Personnel Data File (CPDF) to be the Governmentwide system for efficiently collecting, analyzing, and disseminating accurate, comprehensive, and timely workforce information on all Federal civilian employees (other than Postal Service) that supports policy research, development, and evaluation.					
<i>S&E/General Fund Appropriation Office of Merit Systems Oversight and Effectiveness Goal 2 See page 58</i>					

*Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity*

**GOAL I. PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND
RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST
CENTURY.**

HUMAN RESOURCES SYSTEMS AUTOMATION

- Provide Governmentwide leadership via the Human Resources Technology Council for cooperative business process redesign and system modernization efforts, in support of the Clinger-Cohen Act of 1996. (Continuing)
- Through the Human Resources Technology Council, fully exploit modern automated technologies to improve human resource management practice for examining, training, classification, performance management, benefits administration, and personnel documentation and recordkeeping, by achieving the following sub-objectives:
 - By the year 1998, establish core requirements for human resources systems; set benchmarks; and evaluate existing and developing systems against requirements and benchmarks.
 - By the year 1999, establish requirements and a model for an electronic official personnel folder (Digital OPF) to replace paper personnel records.

S&E/General Fund Appropriation

Employment Service Goal 2 See page 85

Employment Service Goal 2A See page 87

Employment Service Goal 2B See page 87

Office of Information Technology Goal 1 See page 203

Office of Information Technology Goal 2A See page 205

Office of Information Technology Goal 2B See page 206

Office of Information Technology Goal 2C See page 206

- Continue to increase the number of agencies using Employee Express each year, to enable more employees to make self-directed benefits changes.

S&E/General Fund Appropriation

Employment Service Goal 2C See page 88

***Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity***

GOAL I. PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.

COMPENSATION, CLASSIFICATION, AND BENEFITS

- By the year 2002, propose legislative changes to achieve a modernized performance-oriented system of total compensation including establishing the value of jobs/work/performance; setting and adjusting basic pay; designing and delivering variable pay; and establishing and ensuring appropriate earned benefits — that can adapt to a variety of missions, structures, labor markets, and work technologies and can keep total costs apparent to managers who are held accountable for managing those costs.

S&E/General Fund Appropriation ***Workforce Compensation and Performance Service Goal 2*** ***See page 126***

- Carry out the tasks required to ensure cost-effective implementation of existing and newly-enacted pay and leave provisions. (Continuing)

S&E/General Fund Appropriation	Workforce Compensation and Performance Service	Goal 3	See page 127
		Goal 4	See page 129
		Goal 5	See page 130

- By the year 2002, simplify and automate the current General Schedule position classification system, reducing the number of position classification standards from more than 400 to fewer than 100.

<i>S&E/General Fund Appropriation</i>	<i>Workforce Compensation and Performance Service</i>	<i>Goal 6 See page 132</i>
		<i>Goal 7 See page 133</i>
		<i>Goal 8 See page 134</i>

- By the year 1999, work with stakeholders to formulate a consensus regarding a credible annual pay adjustment process for the General Schedule and related pay systems.

S&E/General Fund Appropriation **Workforce Compensation and Performance Service Goal 9** **See page 136**

- Become the acknowledged leader in the design and provision of cost-effective employee earned benefits programs.

<i>Transfers from the Trust Funds</i>	<i>Retirement and Insurance Service</i>	<i>Goal 1</i>	<i>See page 255</i>
		<i>Goal 2</i>	<i>See page 256</i>
		<i>Goal 3</i>	<i>See page 256</i>
		<i>Goal 4</i>	<i>See page 258</i>

*Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity*

**GOAL I. PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND
RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST
CENTURY.**

STAFFING AND EXAMINING

- Ensure that agencies are able to determine the lawful rights of employees and applicants, including veterans, during hiring, promotion, and restructuring. (Continuing)
- Increase the quality of the Federal workforce by continually encouraging the use of valid, fair, and merit-based examining procedures for selection and promotion. (Continuing)
- Encourage the use of targeted programs designed to attract highly qualified candidates for the Federal Government, such as the Presidential Management Intern Program. (Continuing)

S&E/General Fund Appropriation

Employment Service Goal 3 See page 89
Goal 4 See page 91
Goal 5 See page 92
Goal 6 See page 93
Goal 7 See page 96
Goal 8 See page 97
Goal 9 See page 98
Goal 10 See page 100
Goal 11 See page 101
Goal 12 See page 103

- By the year 2002, using incremental targets established each year, raise the levels of underrepresented groups in Federal employment to be equivalent to their percentages in the relevant external labor market.

S&E/General Fund Appropriation

Employment Service Goal 13 See page 105

**Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity**

GOAL I. PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.	
PERFORMANCE MANAGEMENT AND EMPLOYEE DEVELOPMENT	
- Promote performance improvements by maintaining a flexible, decentralized policy framework for appraisal, awards, and human resource development within which agencies can establish results-oriented and merit-based programs for planning, measuring, developing, and rewarding employee performance at the individual, group, and organizational level that by 2002 are tailored to agency mission, structure, culture, workforce, and work technology. (Continuing) - Promote credible, effective programs that provide monetary and nonmonetary incentives and recognition for individual, group, and organizational achievements. (Continuing)	
<i>S&E/General Fund Appropriation</i>	<i>Workforce Compensation and Performance Service Goal 10 See page 137 Goal 11 See page 138</i>
Promote programs for dealing with poor performers and improve the capacity of managers to identify and resolve performance problems effectively. (Continuing)	
<i>S&E/General Fund Appropriation</i>	<i>Office of Workforce Relations Goal 2 See page 156</i>
By the year 2002, successfully support and promote cross-cutting efforts to streamline the adjudicatory system and make it understandable, timely, and less costly.	
<i>S&E/General Fund Appropriation</i>	<i>Office of Workforce Relations Goal 3 See page 159</i>
Support the transformation of Federal training from a set of process-focused, event-based activities into an outcome-oriented, measurable performance improvement function that supports managers and employees in sustaining a consultative, learning environment.	
<i>S&E/General Fund Appropriation</i>	<i>Office of Workforce Relations Goal 4 See page 160</i>
EMPLOYEE AND LABOR RELATIONS	
Advise and consult with Federal agencies on labor-management relations by providing timely, accurate and useful information so that agencies may effectively work with their labor organizations that represent 1.1 million Federal employees. (Continuing)	
<i>S&E/General Fund Appropriation</i>	<i>Office of Workforce Relations Goal 5 See page 163</i>

*Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity*

GOAL I. PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.

- In cooperation with the National Partnership Council, continue to champion strong and effective labor management partnerships that support Federal employees, managers, and their representatives and promote improved performance, results, and service to the public. (Continuing)

S&E/General Fund Appropriation

Office of Workforce Relations Goal 6 See page 165

- By the year 2002, develop, promote, and increase the use and accessibility of alternative dispute resolution programs among employees Government wide.

S&E/General Fund Appropriation

Office of Workforce Relations Goal 7 See page 167

- By the year 2002, increase the awareness and use by employees Governmentwide of Employee Assistance Programs, as well as other health promotion and disease prevention programs and practices.

S&E/General Fund Appropriation

*Office of Workforce Relations Goal 8 See page 168
Goal 9 See page 170*

- Develop and promote family-friendly programs and personnel flexibilities (e.g., alternative work schedules, leave flexibilities, telecommuting, dependent care services) so that they are available and used appropriately by employees Government wide to balance work and family needs successfully. (Continuing)

S&E/General Fund Appropriation

Office of Workforce Relations Goal 10 See page 172

EXECUTIVE RESOURCES

- Achieve a Government wide senior executive corps of strong leaders with a national, corporate vision who can lead the continuing transformation of Government and provide for effective management of the Government's human resources.

S&E/General Fund Appropriation

Office of Executive Resources Goal 2 See page 186

- In allocating executive personnel resources, maintain the corporate goal of a smaller executive corps that is consistent with an overall smaller, more streamlined and delayed Federal workforce.

S&E/General Fund Appropriation

Office of Executive Resources Goal 3 See page 188

***Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity***

GOAL I. PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.	
By the year 2002, foster movement by senior executives as a means of broadening the executive's perspective and bringing fresh insight to agency programs.	
<i>S&E/General Fund Appropriation</i>	<i>Office of Executive Resources Goal 4 See page 190</i>
PERSONNEL INVESTIGATIONS	
Ensure the suitability of applicants for and appointees to Federal positions. (Continuing)	
<i>S&E/General Fund Appropriation</i>	<i>Investigations Service Goal 1 See page 146</i>
Be an effective leader in the personnel security community by continuing to set Government wide investigative policy and serving as an active member of the Security Policy Board. (Continuing)	
<i>S&E/General Fund Appropriation</i>	<i>Investigations Service Goal 2 See page 148</i>

**Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity**

GOAL II. PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND EVALUATION PROGRAM.						
FY 1999 RESOURCE	Salaries & Expenses	Trust Fund	Advances & Reimbursements	Revolving Fund	Total	
SUMMARY: (\$ in 000's)	\$22,126 202 FTE	\$22,157 240 FTE	\$ 299 4 FTE	\$ 0 0 FTE	\$44,582	446 FTE
By the year 2000, complete evaluations of agency-level human resources management effectiveness in all major Federal agencies.						
<i>S&E/General Fund Appropriation Office of Merit Systems Oversight and Effectiveness Goal 3A See page 61 Goal 3B See page 65</i>						
Promote agency development of internal accountability systems — including links to ongoing oversight reviews — for conducting human resources management in accordance with merit system principles.						
<i>S&E/General Fund Appropriation Office of Merit Systems Oversight and Effectiveness Goal 4 See page 66 Goal 5 See page 68 Goal 8 See page 71</i>						
Ensure that delegated examining is conducted in accordance with merit system laws, regulations, and principles. (Continuing)						
<i>S&E/General Fund Appropriation Office of Merit Systems Oversight and Effectiveness Goal 6 See page 69 Employment Service Goal 14 See page 109</i>						
Evaluate and, when necessary, seek judicial review of the decisions of adjudicatory agencies to ensure they are consistent with civil service laws, regulations, and policies. (Continuing)						
<i>S&E/General Fund Appropriation Office of Workforce Relations Goal 11 See page 174</i>						

**Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity**

**GOAL II. PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE
EMPLOYEE EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE
OVERSIGHT AND EVALUATION PROGRAM.**

- By the year 1999, resolve material weaknesses and improve financial systems and internal controls to maintain the integrity of the earned employee benefits trust funds totaling more than \$60 billion in annual benefit payments and OPM's appropriated and reimbursable funds.
- Ensure Federal Employees' Health Benefits and Federal Employees' Group Life Insurance contract compliance through financial and performance audits, and quality assurance standards. (Continuing)

Transfers from the Trust Funds

Retirement and Insurance Service Goal 5 See page 259

*Salaries and Expenses, Trust Fund,
and Advances and Reimbursements*

Office of the Inspector General Goal 1 See page 304

Goal 2 See page 306

Goal 3 See page 307

Goal 4 See page 308

- Ensure that agencies adhere to Executive orders and regulations by inspecting and evaluating agencies' personnel security programs. (Continuing)

S&E/General Fund Appropriation

Investigations Service Goal 3 See page 150

*Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity*

**GOAL III. PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES
IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO
EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS AND
ENVIRONMENT OF THE 21ST CENTURY.**

FY 1999 RESOURCE	Salaries & Expenses	Trust Fund	Advances & Reimbursements	Revolving Fund	Total
SUMMARY: (\$ IN 000'S)	\$18,384 165 FTE	\$ 1,642 23 FTE	\$ 3,216 39 FTE	\$ 0 0 FTE	\$23,242 227 FTE
● Provide models, guidance, and technical assistance to promote agency use of existing personnel flexibilities and tools to help them achieve human resources management goals in support of their mission. (Continuing) ● By the year 2002, become the acknowledged leading source for effective, efficient technical assistance for a full range of flexible human resources management programs, as well as for those areas where uniform, Governmentwide systems are in place.					
<i>S&E/General Fund Appropriation</i> <i>Employment Service Goal 15 See page 111</i> <i>Goal 16 See page 114</i> <i>Goal 17 See page 115</i> <i>Workforce Compensation and Performance Service Goal 12 See page 141</i> <i>Office of Workforce Relations Goal 12 See page 176</i> <i>Executive Resources Goal 5 See page 191</i> <i>Advances and Reimbursements</i> <i>Workforce Compensation and Performance Service Goal 12 See page 288</i> <i style="text-align: right;">Office of Workforce Relations Goal 14 See page 292</i> <i style="text-align: right;">Retirement and Insurance Service Goal 15 See page 283</i> <i style="text-align: right;">Goal 16 See page 285</i>					

*Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity*

**GOAL III. PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES
IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO
EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS AND
ENVIRONMENT OF THE 21ST CENTURY.**

- Help agencies design, implement, manage, and evaluate personnel demonstration projects, as well as other alternative personnel approaches, such as those envisioned for performance-based organizations. (Continuing)

S&E/General Fund Appropriation Office of Merit Systems Effectiveness and Oversight Goal 9 See page 72
Employment Service Goal 18 See page 118
Workforce Compensation and Performance Service Goal 13 See page 143
Office of Workforce Relations Goal 13 See page 179

- By the year 2000, improve agency administration of the earned benefit programs so that (a) 80% of all retirement submissions are received within 30 days of employee retirement dates, (b) most retirement application packages are ready for processing upon receipt at OPM, and (c) employees receive from their agency complete and timely retirement counseling and services pertinent to the earned benefit programs.

Transfers from the Trust Funds Retirement and Insurance Service Goal 6 See page 262
Goal 7 See page 263
Goal 8 See page 265

*Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity*

GOAL IV. DELIVER HIGH QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES TO FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS AND THE PUBLIC.

FY 1999 RESOURCE	Salaries & Expenses	Trust Fund	Advances & Reimbursements	Revolving Fund	Total
SUMMARY: (\$ IN 000's)	\$ 4,692 14 FTE	\$84,345 931 FTE	\$1,920 19 FTE	\$194,084 652 FTE	\$285,041 1,616 FTE

- Provide information about Federal employment opportunities to the public and to Federal employees 24 hours a day, 7 days a week, through the use of a Government wide, comprehensive information system to ensure fair and open competition and to assist agencies in reaching diverse, well-qualified job applicants. (Continuing)
 - By the year 1999, expand coverage to include all excepted service job openings.
 - By the year 2000, improve access for disabled information-seekers of employment information by using new technology.
 - By the year 2000, integrate the automated Federal employment information system with other employment information systems, at the State, local and collegiate levels, to ensure comprehensive service to the public.

Revolving Fund

*Employment Service Goal 19 See page 339
Goal 19A See page 341
Goal 19B See page 341
Goal 20 See page 342*

- By the year 2000, become the provider of choice for direct human resources management services including examining, test administration, downsizing, career transition, organizational assessment, and occupational analysis, on a reimbursable basis.

Revolving Fund

*Employment Service Goal 21 See page 343
Goal 22 See page 334*

- Provide readily accessible primary source data for meeting the workforce information needs of OPM, the other central management agencies, the Congress, the White House, and the public through the Central Personnel Data File and other reporting systems. (Continuing)

S&E/General Fund Appropriation

Office of Merit Systems Oversight and Effectiveness Goal 10 See page 74

**Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity**

**GOAL IV. DELIVER HIGH QUALITY, COST-EFFECTIVE HUMAN RESOURCES
SERVICES TO FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS AND THE
PUBLIC.**

- By the year 2002, earned benefit programs customers will (a) be paid the right amount on the day payment is due, and (b) receive responses to their inquiries and service requests that are accurate and that meet or exceed their expectations.

Transfers from the Trust Funds

*Retirement and Insurance Service Goal 9 See page 267
Goal 10 See page 268
Goal 11 See page 269
Goal 12 See page 271
Goal 13 See page 272*

- By the year 2002, begin deploying a modern retirement system that fully automates a redesigned retirement process including retirement counseling, trust fund and financial management, and claims processing.
 - By the year 1998, validate business requirements of the retirement programs based on input from Federal agencies and other stakeholders.
 - By the year 1999, based on analysis of business requirements, develop alternative "Concepts of Operations" for modernized system and define system modules (i.e., retirement counseling, trust fund and financial management, claims processing, etc.).
 - From 1999 through the year 2002, based on Concepts of Operation, develop and deploy technology solutions to defined modules consistent with OPM's Information Technology technical architecture.

Transfers from the Trust Funds

Retirement and Insurance Service Goal 14 See page 273

- Strengthen the corporate identity and leadership effectiveness of Federal managers and executives through the training and development programs offered by the Federal Executive Institute and the Management Development Centers and through the Senior Executive Service Orientation programs.

Revolving Fund

*Office of Executive Resources Goal 6 See page 360
Goal 7 See page 363*

*Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity*

GOAL IV. DELIVER HIGH QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES TO FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS AND THE PUBLIC.

- By the year 1999, increase the capacity of OPM's reimbursable Training and Management Assistance program to provide cost-effective services that enhance human resource effectiveness through a partnership between OPM, Federal agencies, and private sector firms to develop training materials, as well as other performance management, workforce productivity improvement, and business process reengineering applications.

Revolving Fund

Office of Workforce Relations Goal 15 See page 356

- Continue to enhance and support the Presidential Management Intern program as a source of future Government leaders through effective assessment and development.

Revolving Fund

Employment Service Goal 23 See page 346

- Operate the Government wide personnel program for Administrative Law Judges, including examining candidates, classifying positions, and protecting employee rights, in a timely and quality manner. (Continuing)

Revolving Fund

Employment Service Goal 24 See page 348

- Provide a broad range of high-quality, cost-effective investigative products to Federal agencies.

Revolving Fund

Investigations Service Goal 4 See page 353

**Crosswalk of Annual Performance Goals
by Strategic Plan Goal/Objective, Fund, and Program Activity**

GOAL V. ESTABLISH OPM AS A LEADER IN CREATING AND MAINTAINING A SOUND, DIVERSE AND COOPERATIVE WORK ENVIRONMENT.									
FY 1999 RESOURCE SUMMARY:	Salaries & Expenses		Trust Fund		Advances & Reimbursements		Revolving Fund		Total
	\$ 2,826	22 FTE	\$ 803	11 FTE	\$ 898	17 FTE	\$ 0	0 FTE	\$ 4,527 50 FTE
Develop and maintain a well trained and versatile OPM workforce to support our mission. <i>Office of Human Resources and EEO Goal 1 See page 213</i>									
Manage the OPM workforce as an effective team and communicate clearly and knowledgeably with our internal and external customers. <i>Office of Human Resources and EEO Goal 2 See page 215</i>									
Serve as the Government wide benchmark for partnership and create a work culture where all employees are valued. <i>Office of Human Resources and EEO Goal 3 See page 217</i>									
By the year 2000, following a multi-year plan, link all of OPM's individual employee performance plans to our agency strategic and performance goals. <i>Office of Human Resources and EEO Goal 4 See page 219</i>									

VERIFICATION AND VALIDATION

A fundamental concept behind the Government Performance and Results Act is that measurement will become an integral part of program management and budget decisions. If measurement is to be used for such critical decision-making, it *must be based on useful, reliable, valid data*. Chosen measures *must have meaning* for stakeholders and for program managers. Simultaneously, any *data collection must be practical and cost-effective*. These are not easy standards to meet, particularly during the early stages of introducing a broad-based program of measurement.

At the U.S. Office of Personnel Management (OPM), we are fortunate in that we have a tradition of measurement in key program areas, and through these programs, direct access to top-quality measurement expertise. The Employment Service (ES), the Investigations Service (IS), the Office of Merit Systems Oversight and Effectiveness (OMSOE), and particularly the Retirement and Insurance Service (RIS) have developed and used extensive measurement information for many years. Data are used to track inputs, activities, outputs, and outcomes, including public customer satisfaction, and the data are accessible via internal management information systems. Other parts of OPM have less long-term measurement experience, but all introduced at least some measures and data management systems prior to the implementation of the Results Act.

Nevertheless, OPM, like other agencies, faces some significant challenges in assuring that the various measures used to support the Results Act and to improve internal program management are appropriate, reliable, valid, and cost-effective, and that systems are in place to ensure that data quality remains high. In addition, OPM, like other agencies, must take steps to ensure that measurement data are used effectively to improve program management.

OPM has a three-part strategy for approaching these challenges:

- **Balanced Measurement:** Using a balanced set of measures, from multiple sources, to assess program performance;
- **Data Quality:** Strengthening the quality of measurement data and systems used; and
- **Use of Measurement Data:** Ensuring that program managers understand how to use data effectively.

Each of these strategies is discussed below.

Balanced Measurement

OPM's Strategic Plan includes five major goals -- four external and one internal -- which are all focused on the overarching outcome of achieving a high-quality, diverse Federal workforce,

within the principles of a merit-based system. The five strategic goals define outcomes for policy leadership, oversight, technical assistance, and direct service delivery (external goals), and operating as a model employer (internal goal), to be reached by the end of FY 2002. The FY 2000 Annual Performance Plan sets incremental targets for progress toward the strategic goals.

Both the Strategic Plan and the Annual Performance Plan use the process of multi-measurement to assess our success in meeting the overarching goal of a high-quality, diverse workforce. Assessment of the quality of any workforce -- Federal or otherwise -- has been recognized as a significant measurement challenge. In 1992, a blue-ribbon panel of public and private sector executives, union officials and academicians, the Advisory Committee on Federal Workforce Quality, recommended that a broad definition of quality be adopted for measurement purposes. Their definition included measures of individual attributes of workers, organizational processes affecting workers, and outcomes at the individual, team, and organizational level, such as good customer service. The panel recognized that the cost and logistics of obtaining and maintaining many direct measures of workforce quality (such as assessments of the skill levels of individual employees) would be significant, and specifically included the use of employee and customer assessments as important surrogate measures of workforce quality.

Consequently, OPM is using a measurement approach which depends on a balanced set of intermediate indicators from multiple available data sources. Two key indicators are direct surveys to assess the perceptions of Federal employees about workforce quality and the fairness and equity of HRM processes, and user surveys -- from both public and internal customers -- to assess customer satisfaction with the content, process and outcomes of policies and services. The primary employee surveys used are the OPM Merit System Principles Questionnaire and the National Partnership for Reinventing Government (NPR) employee survey. The primary customer surveys used are OPM agency customer surveys (HR Directors and HR Specialists) and surveys of job-seekers, annuitants, and health insurance users. These surveys are described in more detail below.

Other direct measures include financial data, comparative data on the diversity of the Federal workforce, timeliness of operations, and program data. These data are available from OPM's internal management information systems and systems maintained for Governmentwide use, like the Central Personnel Data File (CPDF), or from systems maintained by other agencies, like the Bureau of Labor Statistics and the Bureau of the Census.

Other key indicators are qualitative in nature, rather than quantitative. These are the results of externally conducted program evaluations, conducted by such entities as the Merit Systems Protection Board (MSPB), the General Accounting Office (GAO), and the National Academy of Public Administration (NAPA). These organizations conduct periodic studies of Federal HRM practices and outcomes, and their findings are an important measure of program success. OPM's Office of the Inspector General also provides external evaluations, conducting audits and reviews of the earned benefits programs' financial systems, work processes, and performance measures.

Finally, in some instances OPM relies on indirect, or surrogate, measures as indicators. One surrogate measure is the use of competency-based selection tools to hire and promote workers. The assumption underlying this measure is that recent research has identified the wide range of competencies needed by employees in today's changing workplace, and the use of tools which are based on a full evaluation of these competencies will translate to a more highly-qualified workforce.

We will continually review our choices of program measures, and incorporate new or improved measures as needed. We will also work with any external providers of data to be sure we are using the best sources, and using the data appropriately.

Following is information on the two key surveys used as elements in OPM's balanced measurement program.

- **OPM Customer Satisfaction Survey.** OPM introduced its first agency customer survey process during FY 1998. Two surveys were administered to assess how well we are meeting our responsibility to provide policy leadership, information, and assistance to agencies in conducting their HRM activities.

Each survey is targeted to the appropriate customers for the different kinds of services OPM provides. The first survey was mailed to 75 Human Resource Directors of Federal agencies and departments, including all members of both the IAG Executive Committee and the Small and Independent Agency Personnel Directors Group. This survey asked for evaluations of our policy leadership and our success in involving agencies as partners in the policy development process. The questions covered all HR policy areas in general, and also covered specific FY 1998 initiatives. The second survey was mailed to a nationwide sample of 4,850 HR specialists at all grade levels, and geographic locations. This survey asked for evaluations of our technical assistance and information sharing, including -- again -- specific FY 1998 initiatives, as well as new publications, CD-ROMs, and electronic methods of sharing information and guidance.

The results from these surveys are reported in each program's section of the Annual Performance Plan. They will serve as the baseline for the improvements in customer satisfaction that are promised in our five-year Strategic Plan, and will be used to track performance over time and make continuous improvements in our products and services. As with any survey data, we are using the results as a starting point, and holding focus groups and conducting other follow-up to understand the areas of dissatisfaction and the improvements that should be made.

Our surveys also incorporate core customer satisfaction dimensions drawn from a research-based model developed by OPM psychologists. This model has been applied to customer satisfaction surveys used in other Federal agencies. The results on the core dimensions can

be benchmarked against other Federal agencies, and also against data from similar surveys used in the private sector.

Although the return rates for our initial surveys this summer were lower than we had anticipated (57% for the HR Directors and 29% for the HR specialists), enough surveys were returned to give us confidence in using the data to establish baselines for improvement. We will take steps to improve the response rate next year, including more follow-up to survey recipients and administering the survey earlier in the summer.

- **Merit Systems Principles Questionnaire.** The Office of Merit Systems Oversight and Effectiveness administered its second annual *Merit Systems Principles Questionnaire* to a statistically valid, random sample of employees Governmentwide in the summer of 1998. The results of this questionnaire provide a broad indication of employee perceptions of agency accountability with merit system principles, which include merit staffing, fair treatment, integrity, efficiency, performance, training, protection from partisan political pressure and protection from reprisal for lawful disclosure of information. OMSOE uses the results in individual agency oversight visits, and to help identify needed improvements in Governmentwide HRM policies and procedures.

Because the questionnaire measures perceptions, it is necessary to examine the results further by discussing them with employees and looking at related hard data on human resources management. For example, employee perceptions regarding performance may be influenced by a small number of incidents rather than a large and pervasive problems. Nonetheless, they provide a useful marker, or indicator, that can track changes over time.

The 1998 questionnaire was administered to 1,961 supervisors (including managers and executives) and 1,943 non-supervisors Governmentwide. We had a response rate of 42%, which was an increase of 2% over the first year's survey rate. We are confident that enough responses were received to accurately represent employee views.

Data Quality (Validation and Verification)

OPM will take the following steps to improve the quality of all of our measurement information:

- We will use our internal Results Act working group to establish standards for data quality, validity, and objectivity for all measures used in OPM programs. The working group will review the data that are currently being used in each program, share best practices, and develop a consistent set of standards for data validity and reliability. They will assist each other to make improvements where needed.
- We will review the quality standards followed by external data suppliers to ensure that we can have confidence in the data they provide.

- We will work with our Office of the Inspector General as they conduct their annual reviews of our Results Act implementation, including an evaluation of the goals and measures that we are using, and implement their recommendations.
- We will use only accepted professional accounting and tracking software to measure cost savings and improvements in quality and efficiency, and assess accuracy of data through quality control reviews.
- We will use accepted professional survey design, sampling techniques, and analysis procedures for internally developed customer satisfaction surveys, to ensure reliability and validity. We will work to improve response rates.
- We will use accepted qualitative analysis techniques to assess direct feedback, participant evaluation forms, and focus group results, to ensure objectivity.
- We will evaluate qualitative analyses of feedback against survey data to determine if the findings from the two assessment methods are consistent, and will follow up discrepancies with additional research, to include focus groups, telephone interviews, or on-site visits on specific issues.
- We will work to improve our data collection, to be sure we are using the most efficient and cost-effective processes. We will use automation to collect data whenever possible, including customer satisfaction data.
- We will work to improve our management information systems, to ensure that they provide managers with the information they need, as well as information for external reporting purposes. The RIS management information system (described in detail in the RIS program section of the Annual Plan) will serve as a good example for other OPM programs.

Use of Measurement Data

In addition to the challenges of assuring good measurement, it is important to ensure that managers understand how to interpret data, how to balance measurement data with other sources of information, and how to integrate measurement review and reporting into their program management.

To help ensure effective use of measurement in OPM, we will:

- Continue the process begun in FY 1998 to align individual performance plans for executives, managers, and employees with the achievement of Strategic and Annual Plan goals and objectives. This is a specific OPM Strategic and Annual Plan goal.

- Ensure that management and staff have the knowledge and skills they need to use measurement information. We will share widely useful guidance materials from other agencies and support necessary training of key staff.
- Communicate to all employees the content of the Strategic and Annual Plans, including the measures of success, so that employees are more aware of how their work helps to accomplish our strategic goals.

OFFICE OF PERSONNEL MANAGEMENT**SALARIES AND EXPENSES ACCOUNT****DESCRIPTION**

The Office of Personnel Management's Salaries and Expenses (S&E) account finances the operating expenses necessary to carry out OPM's authorized functions and responsibilities, excluding those specifically included under the Office of the Inspector General and the Revolving Fund accounts. This account has the following three separate fund sources:

- **Salaries and Expenses/General Fund Appropriation**

This annual appropriation pays for the operating expenses required to carry out OPM's mandated responsibilities. This primarily includes Merit Systems Oversight and Effectiveness, Employment Service, Workforce Compensation and Performance Service, Investigations Service, Workforce Relations and the Executive Resources programs.

This appropriation also finances other programs for which OPM has been assigned administrative responsibility. These include the President's Commission on White House Fellowships and parts of the Voting Rights Act program.

In addition, this appropriation funds the S&E share of agencywide Administrative Services and Executive Services.

- **Transfers from the Trust Funds**

OPM receives from Congress an annual appropriation to pay the operating expenses associated with OPM's administration of the civil service retirement and insurance programs. In addition, this appropriation funds the Trust Funds' share of agencywide Administrative Services and Executive Services.

These funds are transferred from OPM's Civil Service Retirement and Disability Fund, Employees and Retired Employees Health Benefits Fund, and Employees Life Insurance Fund.

- **Advances & Reimbursements**

OPM provides services, on a reimbursable basis, to other agencies when OPM possesses special skills and technical expertise that are more economical than alternative public or private sources, e.g., technical assistance on staffing and human resources management.

In addition, OPM has internal reimbursements from other OPM accounts to finance their share of agencywide Administrative Services and Executive Services and internal printing costs.

SALARIES AND EXPENSES ACCOUNT

COMPARATIVE SUMMARY STATEMENT

(dollar amounts in thousands)

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request	FY 2000 Change
Obligations	\$202,831	\$214,578	\$215,844	\$1,266
Carryover	<u>\$500</u>	<u>\$200</u>	<u>---</u>	<u>(\$200)</u>
Total Obligations	\$203,331	\$214,778	\$215,844	\$1,066
<u>Offsetting Collections:</u>				
Advances and Reimbursements	\$8,940	\$9,219	\$9,219	\$0
Trust Fund (Annual)	91,114	91,236	91,486	250
Carryover	250	---	---	0
Permanent Indefinite Authority, Title V	16,461	19,555	19,555	0
New Trust Fund (No-Year)	---	---	4,000	4,000
Prior Trust Fund (No-Year)	<u>1,411</u>	<u>9,218</u>	<u>---</u>	<u>(9,218)</u>
Total	\$118,176	\$129,228	\$124,260	(\$4,968)
<u>Budget Authority:</u>				
Budget Authority	\$85,350	\$85,350	\$91,584	\$6,234
Carryover	<u>250</u>	<u>200</u>	<u>---</u>	<u>(200)</u>
Total	\$85,600	\$85,550	\$91,584	\$6,034
Outlays	\$81,440	\$85,250	\$91,500	\$6,250
Full-Time Equivalents	2,147	2,183	2,200	17

SALARIES AND EXPENSES ACCOUNT

(General Fund, Trust Funds and Advances and Reimbursements)

OBLIGATIONS BY OBJECT CLASS

(dollar amounts in thousands)

OBJECT CLASS	FY 1999 Estimate	FY 2000 Request	Change
Personnel Compensation	\$105,168	\$109,778	\$4,610
Personnel Benefits	23,530	24,785	1,255
Benefits for Former Personnel	70	70	0
Travel and Transportation of Persons	2,498	2,498	0
Transportation of Things	174	174	0
Rental Payments to GSA	17,750	17,750	0
Communications and Utilities	11,332	11,332	0
Printing and Reproduction	2,589	2,589	0
Advisory and Assistance Services	2,166	397	(1,769)
Other Services	36,265	34,011	(2,254)
Supplies and Materials	3,076	3,077	1
Equipment	9,610	8,833	(777)
Land and Structures	550	550	0
Total Obligations	\$214,778	\$215,844	\$1,066

SALARIES AND EXPENSES/GENERAL FUND APPROPRIATION

COMPARATIVE SUMMARY STATEMENT

(dollar amounts in thousands)

	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations:				
Merit Systems Oversight & Effectiveness	\$17,505	\$19,444	\$21,244	\$1,800
Employment Service	25,267	28,893	30,893	2,000
Workforce Compensation & Perf. Service	6,361	7,659	7,659	0
Investigations Service	2,911	3,141	3,141	0
Workforce Relations	3,876	3,812	3,812	0
Executive Resources	2,418	2,494	2,494	0
Administrative Services	17,140	11,752	14,186	2,434
Executive and Other Services	<u>9,427</u>	<u>8,155</u>	<u>8,155</u>	<u>0</u>
Total	\$84,905	\$85,350	\$91,584	\$6,234
 Carryover	 <u>\$250</u>	 <u>\$200</u>	 <u>—</u>	 <u>(\$200)</u>
 Grand Total	 \$85,155	 \$85,550	 \$91,584	 \$6,034
 Budget Authority:				
Budget Authority	\$85,350	\$85,350	\$91,584	\$6,234
Carryover	<u>250</u>	<u>200</u>	<u>—</u>	<u>(200)</u>
Total	\$85,600	\$85,550	\$91,584	\$6,034
 Outlays	 \$81,440	 \$85,250	 \$91,500	 \$6,250
 Full-Time Equivalents:				
Merit Systems Oversight & Effectiveness	185	198	212	14
Employment Service	287	219	219	0
Workforce Compensation & Perf. Service	63	74	74	0
Investigations Service	29	29	29	0
Workforce Relations	37	38	38	0
Executive Resources	21	23	23	0
Administrative Services	61	54	57	3
Executive and Other Services	<u>90</u>	<u>81</u>	<u>81</u>	<u>0</u>
Total	773	716	733	17

SALARIES AND EXPENSES
GENERAL FUND APPROPRIATION
OBLIGATIONS BY OBJECT CLASS
(dollar amounts in thousands)

OBJECT CLASS	FY 1999 Estimate	FY 2000 Request	Change
Personnel Compensation	\$39,348	\$41,716	\$2,368
Personnel Benefits	9,021	9,659	638
Benefits for Former Personnel	20	20	0
Travel and Transportation of Persons	1,990	1,990	0
Transportation of Things	82	82	0
Rental Payments to GSA	9,000	9,000	0
Communications and Utilities	2,639	2,639	0
Printing and Reproduction	838	838	0
Advisory and Assistance Services	0	0	0
Other Services	13,256	16,987	3,731
Supplies and Materials	1,729	1,729	0
Equipment	7,127	6,424	(703)
Land and Structures	500	500	0
Total Obligations	\$85,550	\$91,584	\$6,034

SALARIES AND EXPENSES/GENERAL FUND APPROPRIATION**OFFICE OF MERIT SYSTEMS OVERSIGHT AND EFFECTIVENESS**

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$17,505	\$19,444	\$21,244	\$1,800
Full-Time Equivalents	185	198	212	14

DESCRIPTION OF ACTIVITY

The Office of Merit System Oversight and Effectiveness (OMSOE) assures that agency personnel management is conducted in accordance with the merit system principles and the civil service laws, rules, and regulations of title 5, U.S.C. It provides Governmentwide leadership, oversight, and workforce information to further merit system accountability; helps agencies develop, through demonstration projects and alternative personnel systems, innovative human resource management policies and programs that support agency missions; and serves as the central source for information on the Federal workforce.

In order to meet the above responsibilities, OMSOE recruits highly experienced human resource generalists, statisticians, and program analysts from other Federal agencies, as well as the private sector. When unique skills are required, or when work load demands exceed current staff capacity, it hires contractors to complement the work of permanent staff. The oversight and effectiveness mission requires knowledge of a wide range of human resource management areas as well as knowledge of management theory. These skilled OMSOE personnel must have the ability to research, analyze and evaluate technical regulatory material in addition to human resource programs for the purpose of evaluating agency systems and proposing alternative approaches. The workforce information mission requires information technology, statistical and analytical skills. It also requires a keen understanding of human resource related data elements to maintain and enhance the Central Personnel Data File system. Required core competencies for each employee have been identified and training and development are provided to meet those needs in OMSOE.

FY 2000 Priorities

OMSOE has three priorities for FY 2000.

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The first is the prevention of merit system abuses and the enhancement of human resources management in agencies through systematic oversight of agency systems and practices, including delegated examining. (OMSOE Goals 3A and 3B).

The second is ensuring that agency managers carry out their newly flexible and delegated personnel authorities in a meritorious way by helping agencies develop internal human resources management accountability systems. (OMSOE Goal 4).

The third is to modernize the Central Personnel Data File and related personnel records to improve the utility and accessibility of the information and to replace the employment history function now served by paper Official Personnel Folders. (OMSOE Goal 2).

**ANNUAL PERFORMANCE GOALS FOR FY 2000
BY STRATEGIC PLAN GOAL AND OBJECTIVE**

OPM STRATEGIC PLAN GOAL I:

***PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE
FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.***

FY 2000 RESOURCE SUMMARY: Obligations (000):\$6,434 Full-Time Equivalents: 61

[Includes \$1,200 and 5 FTE for CPDF Modernization]

OVERALL HUMAN RESOURCES MANAGEMENT

- By the year 2000, examine all significant Governmentwide human resources management policies and programs to identify changes needed to promote a merit-based and cost-effective Federal service and the optimum balance of Governmentwide uniformity and agency-specific flexibility across those policies and programs.
- By the year 2002, propose and implement clear, effective policies and programs wherever a need for change was identified in the Year 2000 review.

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OMSOE **Federal HRM policies and programs are merit-based, mission-
Goal 1: focused, and cost-effective.**
FY 1999/2000

Means:

- Each year, identify areas of HRM that need attention by analyzing data and information from the Central Personnel Data File (CPDF), the *Merit System Principles Questionnaire (MSPQ)*, oversight reviews, and other sources.
- Conduct at least two major HRM studies in response to the areas identified above. In FY 1999, OMSOE will conduct studies of:

The effectiveness of current examining methods;

How supervisors are selected, developed, held accountable, and promoted into executive positions;

Family-Friendly policies and practices in agencies;

Recruitment, retention, and relocation allowances and bonuses;

Capability of the HRM workforce; and

Alignment of HRM with agency strategic planning.

The studies to be conducted in FY 2000 are identified during the Fall of 1999, based on the results of earlier studies, monitoring of HRM trends and developments, and on OPM priorities.

- Propose to OPM program offices any new or revised HRM policies which the studies may indicate.

Indicators/Performance Results:

- OMSOE studies produce valuable information which contributes to policy or program proposals.

Recent and past studies have contributed to the following changes:

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- *Elimination of the non-competitive appointment of congressional staff to the competitive service (Ramspeck Act);*
- *Increased benefits and protection for part-time workers;*
- *Elimination of monetary awards for appointees during Presidential transitions;*
- *A legislative proposal to make it possible to eliminate special rates which are no longer needed without it costing the Government more than the higher rates do;*
- *Support for an Executive order to extend oversight to non-title 5 agencies;*
- *Answering congressional concerns about the misuse of non-technical training and family-friendly practices in agencies; and*
- *Valuable information on the classification system which is being used in OPM's study of total compensation.*

In FY 1998, OMSOE published studies on six HRM programs: awards, workers compensation, non-technical training, deregulation and delegation, downsizing, and non-title 5 personnel systems. In addition, it completed evaluations of three more programs: delegated examining, the openness of Federal employment, and poor performance in the Federal workforce.

It produced two special reports for the Director of OPM in FY 1998:

Change in Average Grade: 1992 - 1997 examines the structural change (change in occupational mix) and net change (change within occupational series) for full-time permanent employees in the executive branch.

Methodology for Retirement Projection presents two models to estimate the number of retirements, one for stable employment and the other for a downsizing environment.

OVERALL HUMAN RESOURCES MANAGEMENT

- By the year 2002, modernize the Central Personnel Data File (CPDF) to be the Governmentwide system for efficiently collecting, analyzing, and disseminating accurate, comprehensive and timely workforce information on all Federal civilian employees (other than Postal Service) that supports policy research, development, and evaluation.

OMSOE
Goal 2:
FY 1999/2000

The Central Personnel Data File (CPDF) is modernized to acquire data electronically, to make the CPDF more accessible, and to use it to replace the employment history function now served by paper Official Personnel Folders.

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To implement the CPDF modernization, this budget request includes \$1,200,000 and 5 FTE in FY 2000 as the first installment of a multi-year program to be completed by FY 2002. These resources will be used as follows:

- To acquire CPDF data from agencies electronically, a total of \$50,000 will be needed to fully implement electronic submissions and quality control of the information.
- To make the CPDF more accessible, a total of \$500,000 will be needed to procure and monitor a contractor to design an information retrieval system, including identifying the most appropriate data base management system, telecommunications requirements, and estimated maintenance costs.
- To have the CPDF replace the employment history function now served by paper Official Personnel Folders, \$650,000 and 5 FTE will be required to (a) replace the paper SF 50 "Notification of Personnel Action" with an electronic Employment History File; and (b) contract a study of the dynamics file to determine if the current records can adequately replace the paper records. The study will also recommend ways to improve record quality.

Means:

- Execute a *CPDF Modernization Plan* to (a) acquire data electronically from agencies, (b) make CPDF information more readily accessible to Government clients and the public, and (c) use the CPDF to replace the employment history function now served by paper Official Personnel Folders.
- Contract for the design of a CPDF information retrieval system that identifies the most appropriate data base management systems and telecommunication requirements and estimates the maintenance costs.

Indicators/Performance Results:

- Technical requirements for electronic exchange of CPDF submissions and quality control information developed. Significant progress on the *CPDF Modernization Plan*, including, a tracking system for contract milestones, approval of technical requirements by the Chief Information Officer, and agency satisfaction with proposed technical requirements.
- Detailed design specifications for a CPDF online information retrieval system developed, taking into account feedback from CPDF users.

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- Assessment of the quality of CPDF historical dynamics records completed, taking into account feedback from human resource management offices and employee organizations.
- Quality control procedures for the CPDF Employment History File developed using the following to measure success: number of issues addressed by procedures, feedback from technical experts on feasibility of the procedures, and feedback from agency officials on workability of quality control feedback.

In FY 1998, the requirements for the Standard Form 50 were revised to allow electronic employee notification for many actions without OPM's prior approval.

The filing requirements for the Official Personnel Folder (OPF) were reduced by an estimated 1.6 million documents a year in FY 1998.

- Increase in the level of agency HR Directors' satisfaction with regard to 1) OPM's leadership in this area, and 2) their opportunity for involvement, and HR Specialists' satisfaction with regard to 1) information sharing and 2) technical assistance, as measured by informal customer feedback and an increase of 2% over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the annual OPM Customer Satisfaction Survey.

The satisfaction levels as measured by the FY 1998 customer survey for HR Directors were 53.7% for leadership, and 63.2% for opportunity for involvement, and for HR Specialists were 65.5% for information sharing and 64.2% for technical assistance. We are concerned by these results, and will explore them in focus groups and through other follow-up, to determine underlying causes and improvement actions. Also, when we design the FY 1999 survey, we will use the pilot test to determine if the questions in this area are appropriately phrased and addressed to the correct audiences.

OPM STRATEGIC PLAN GOAL II:

**PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE
 EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND
 EVALUATION PROGRAM.**

FY 2000 RESOURCE SUMMARY: Obligations (000): \$11,670 Full-Time Equivalents: 117

[Includes 9 FTE and \$600,000 for increased oversight presence and technical assistance and to implement enhanced oversight authority over non-title 5 agencies.]

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- By the year 2000, complete evaluations of agency-level human resources management effectiveness in all major Federal agencies.

OMSOE **Agencies, Governmentwide, adhere to the merit system principles and**
Goal 3A: **the laws, rules, and regulations governing Federal human resources**
FY 1999/2000 **management.**

To enhance the oversight program in FY 2000, this budget request includes \$600,000 and 9 FTE to (a) increase the number of review sites from 120 to 134 annually (a 12 percent increase) and (b) augment technical assistance and non-title 5 oversight coverage. These enhancements will make oversight more visible and encourage voluntary compliance with merit requirements.

Means:

- Evaluate the HRM effectiveness and compliance of 24 major agencies at the rate of 6 per year over a 4-year period and of the 35 small agencies at the rate of 7 per year over a 5-year cycle.
- Administer the *Merit System Principles Questionnaire (MSPQ)* to a random sample of employees in each agency reviewed and Governmentwide to assess employee perceptions of how well merit principles are being observed.
- Recommend improvement or direct correction of agency HRM programs and practices.
- Report areas of HRM compliance that need attention to OPM program offices for action.
- Participate in agency-led reviews to assess and assist self-evaluation programs.
- Promote OPM's merit system oversight role to Federal officials, professional organizations, and other interested groups.
- Monitor current and emerging HR issues, trends, and stakeholder interests as reflected in the CPDF, the *Merit System Principles Questionnaire (MSPQ)* responses, and oversight reports.

In FY 1998, *Trip-Wire Indicators* identified potentially serious abuses of the Outstanding Scholar appointing authority in a number of agencies and possible misuse of the FLISA exemption criteria in an agency. The *Trip-Wire Indicators* are a pre-identified list of certain

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personnel actions which are most subject to abuse or misuse. These actions are monitored quarterly to identify possible trouble-spots for further review or investigation.

- Continually improve the methodology and quality of the *MSPQ* and other data tools.
- Supply data and technical assistance to OPM and agency clients for the collection, research, design, sampling, and use of data.

Indicators/Performance Results:

- HRM improvements and correction of abuses that result from oversight reviews. OMSOE found that, for the most part, agencies are in compliance with law and regulation and identified several examples of excellent practices to share with agencies. Corrective action was ordered in those cases requiring it.

Scores of regulatory violations were found; and fortunately, few were serious. All violations were satisfactorily resolved. Numerous program improvements were adopted in all of the agencies reviewed in FY 1998.

- Agencies score their satisfaction with our evaluations at least at least 4.25 on a scale of 5 as follows:

1	Poor	2	Fair	3	Good	4	Excellent	5	Outstanding
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The cumulative response averages from FY 96 and FY 97 rate the quality of reviews as 4.55 out of a possible 5.0.

OMSOE's stakeholders--the White House, Congress, OPM program offices, agencies, Federal employees, and the public--reported in FY 1998, and continue to report in FY 1999, that they are highly satisfied with its work. Stakeholders reported that OMSOE's reviews, data, and reports are accurate and helpful.

For example, the Merit Systems Protection Board said in a July 1998 report to Congress that "OPM's oversight program is much improved since our 1992 review, and that OPM is providing constructive leadership to departments and independent agencies in the development of agencies' self-assessment capabilities."

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- Agencies reviewed as scheduled. In FY 1998, OMSOE reviewed seven major agencies and five small agencies:

• Environmental Protection Agency • Railroad Retirement Board • National Credit Union Adm. • Department of Education • Department of the Interior • Consumer Product Safety Commission	• Small Business Administration • Federal Trade Commission • Holocaust Museum • Securities and Exchange Commission • Department of Veterans Affairs • National Aeronautics and Space Administration
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The agencies being reviewed in FY 1999 are:

• Department of Health and Human Services • Office of Personnel Management • Department on Energy • National Labor Relations Board • Federal Communications Commission • Department of Transportation	• Department of the Navy • National Capital Planning Commission • Commodities Futures Trading Commission • Pension Benefit Guaranty Corporation • Two or three other small agencies to be determined in late FY 99
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- Improved adherence to the merit system principles and improved HRM effectiveness.

OMSOE measures HRM performance at three levels:

- (1) **At the transactional level.** Over 40 personnel action data indicators are monitored and compared with the Governmentwide averages to identify any unusual or aberrant behavior.
- (2) **At the merit principle outcome level.** OMSOE measures the *health* of the merit system through the *Merit System Principles Questionnaire*, evaluations of agencies' HRM practices, and through policy and program studies.
- (3) **At the strategic level.** OMSOE measures the extent to which HRM is fully integrated in an agency's strategic goals, (e.g., to what extent an agency addresses the current and future capacity of its workforce to meet mission goals).

Each measurement level is critical to the success of the succeeding level. All three of these measures chart the extent to which the Government is achieving the merit outcomes called for by the principles.

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- Improvement in the percentage of employee responding *favorably* to the *Merit Systems Principles Questionnaire* in FY 2000, as measured against the FY 1999 baseline, the data for which was collected in FY 1998. *The FY 1999 baseline for the nine merit system principles is:*

Merit System Principle	% Favorable
1. Recruit and selection on the basis of merit.	47
2. Treat employees and applicants fairly and equitably.	46
3. Provide equal pay for equal work, and reward excellent performance	36
4. Maintain high standards of integrity, conduct, and concern for the public interest.	56
5. Manage employees efficiently and effectively.	56
6. Retain or separate employees on the basis on their performance.	43
7. Educate and train employees when it will result in better performance.	50
8. Protect employees from improper political influence.	64
9. Protect employees against reprisal for the lawful disclosure of information	47

- By FY 2000, a 2 percent increase in favorable responses/2 percent decrease in unfavorable responses over the FY 1999 MSPQ baseline. The increases/decreases shown in the chart below are annual increments to reach the 5-year strategic targets (e.g., 2 percent a year for 5 years equals the 10 percent, 5-year target):

Response	Annual Increase/Decrease	5-year Target Increase/Decrease
• Merit-base of overall HRM	Favorable responses increase: 2 percent	10 percent increase
• Merit-base of classification and compensation	Unfavorable responses decrease: 2 percent	10 percent decrease
• Merit-base of staffing	Favorable responses increase: 2 percent	10 percent increase
• Workforce relations	Favorable responses increase: 1 percent	5 percent increase
• Performance management	Favorable responses increase: 1 percent	5 percent increase
• Retention of high-quality employees	Favorable responses increase: 2 percent	10 percent increase
• Quality of the Federal workforce	Favorable responses increase: 2 percent	10 percent increase
• Dealing with poor performance	Unfavorable responses decrease: 2 percent	10 percent decrease

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- Five and 10-year efficiency and productivity trends for personnel office operations are monitored and charted for key agencies, any agency upon request, and Governmentwide. Data reflecting these trends is found in the CPDF.

OMSOE **HRM practices in non-title 5 agencies adhere to the merit system**
Goal 3B: **principles.**

OPM sees an increased need for the authority and capacity to monitor merit system accountability in agencies which do not operate under title 5. Recently there has been an increase in this responsibility. There must be assurance that the entire executive branch operates consistently with the underlying American values that govern Federal employment.

Means:

- Evaluate the adherence of non-title 5 systems to the merit system principles.
- Administer the *Merit System Principles Questionnaire (MSPQ)* to a random sample of employees in each agency reviewed to assess employee perceptions of how well the merit system principles are being observed.

Indicators/Performance Results:

- The systems and practices of non-title 5 agencies adhere to the merit system principles.
- Merit principle abuses are corrected.
- Agencies score their satisfaction with OMSOE evaluations at 4.25 on a scale of 5.
- Agencies reviewed as scheduled.

- Promote agency development of internal accountability systems—including links to ongoing oversight reviews—for conducting human resources management in accordance with merit system principles.

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OMSOE **Agency systems assure accountability for the merit system principles**
Goal 4: **and the laws, rules, and regulations governing Federal human**
FY 1999/2000 **resources management**

Means:

- Evaluate HRM accountability in each of the 24 major agencies at the rate of six per year over a 4-year cycle.
- Work with agencies to develop or improve HRM accountability systems, using the *Accountability System Development Guide* and other tools.
- Promote adoption and improvement of accountability systems through the Inter-Agency Advisory Group and other interested organizations.
- Collect and share information on HRM accountability with agencies and other interested parties.
- Develop, apply, and share with agencies data models, agency profiles, and merit principle indicators to monitor and analyze agency and Governmentwide accountability.

Indicators/Performance Results:

- The number of internal accountability systems established or improved.

The Department of the Air Force has established a total accountability system, based on the Baldrige Criteria which Navy is now adopting. We are working with Navy on its new system and are helping the Department of the Interior to establish an HRM accountability system for the first time. This work will continue in FY 1999 and accelerate in FY 2000.

- Inter-agency projects produce accountability models and measures.

OMSOE continues to work with agencies to develop effective HRM accountability systems. It has published Human Resources Management (HRM) Accountability in Federal Agencies: Current Efforts and Future Direction on OPM's Internet Home Page.

It works closely with the Interagency Advisory Group (IAG) Committee on Accountability. With help from an IAG task force, it is developing an HRM Accountability System

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Development Guide to make the case that an accountability system is vital to an agency's mission. The Guide provides guidance on developing and enhancing such systems.

A major emphasis in all three years will be to foster accountability systems that promote adherence to the merit system principles, laws, and regulations. In conjunction with the Development Guide, OMSOE is working with agency representatives to get their ideas on the design of an HRM measurement model, based on the merit principles. Such a model was recommended in a July 1998 study by the General Accounting Office, MANAGEMENT REFORM. Agencies' Initial Efforts to Restructure Personnel Operations.

The model, to become operative in FY 2000, will identify key HRM indicators that measure both the effectiveness of human resource programs and their compliance with merit system principles, laws, and regulations. The indicators will be aligned with strategic plans, as required by the Government Performance and Results Act.

- Evaluations of accountability systems in key agencies according to the *Accountability Program Coverage Guide*.

OMSOE will apply the *Guide* to the following agencies in FY 1999 and to those scheduled for agency-focused review in FY 2000:

• Department of Health and Human Services • Office of Personnel Management • Department on Energy • National Labor Relations Board	• Federal Communications Commission • Department of Transportation • Department of the Navy
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- Increase in the level of agency HR Directors' satisfaction with regard to 1) OPM's leadership of in this area, and 2) their opportunity for involvement, and HR Specialists' satisfaction with regard to 1) information sharing and 2) technical assistance, as measured by informal customer feedback and an increase of 2% over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the annual OPM Customer Satisfaction Survey.

The satisfaction levels as measured by the FY 1998 customer survey for HR Directors were 60.0% for leadership, and 60.6% for opportunity for involvement, and for HR Specialists were 48.4% for information sharing and 47.3% for technical assistance. We are concerned by these results, and will explore them in focus groups and through other follow-up, to determine underlying causes and improvement actions. Also, when we design the FY 1999 survey, we will use the pilot test to determine if the the questions in this area are appropriately phrased and addressed to the correct audience.

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OMSOE **The Federal workforce understands and is guided by the merit system**
Goal 5: **principles.**
FY 1999/2000

Means:

- Provide the workforce educational and informational materials to secure and increase acceptance of the merit system principles.
- Incorporate the merit system principles in supervisory, employee, and executive orientation and training, in cooperation with agencies and vendors.

Indicators/Performance Results:

- Increased understanding of the principles by managers and employees as measured by questions #27 and # 28 of the *Merit System Principles Questionnaire*.
- Agencies adopt programs and practices that promote the merit system principles as determined by oversight reviews.
- Educational materials are used by agencies to increase awareness of the principles.

The Merit System Principles poster, which OMSOE developed and first distributed in FY 1998, has become highly popular in agencies. For example, the Social Security Administration has ordered enough posters for its hundreds of district offices, nationwide. The Merit Mousepad has even become an international favorite with several foreign governments expressing an interest in duplicating the idea.

In FY 1998, OMSOE, with contractor assistance, developed a training video on the merit system principles. It will be distributed Governmentwide in FY 1999. In addition, OMSOE continues to help agencies promote the merit system principles through interagency HRM Satellite Broadcasts, training materials, and brochures.

- Ensure that delegated examining is conducted in accordance with merit system laws, regulations, and principles. (Continuing)

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OMSOE **Delegated examining is conducted in accordance with merit system**
Goal 6: **laws, regulations, and principles (See also Employment Service Goal 14.)**
FY 1999/2000

Means:

- Review delegated examining in 16-18 delegated examining units to verify compliance with law, regulations, and the merit system principles.

These reviews are in addition to the delegated examining units that are examined during agency-focused reviews.

- Direct the correction of any violations found.
- Identify and deal with potential compliance issues in cooperation with Employment Service.

Indicators/Performance Results:

- Reviews conducted as scheduled.
- Violations are corrected.

In FY 1998, OMSOE conducted reviews of 18 delegated examining units and found few violations of regulation or the merit system principles. A similar number of these reviews will be done in FY 1999.

NOTE: To support a highly specialized form of Federal oversight, OMSOE provides observers for elections, and examines and produces lists of eligible voters who are protected under the provisions of the Voting Rights Act of 1965 (Public Law 89-110), as amended.

OMSOE **The Department of Justice's requests for assistance under the Voting**
Goal 7: **Rights Act are fully supported.**
FY 1999/2000

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Means:

- Provide Federal observers and examiners for elections at the request of the Civil Rights Division, U.S. Department of Justice.
- Build and maintain a bilingual, bicultural cadre of observers for race- or language-based exercises.
- Maintain voter lists as required by the Act.

Indicators/Performance Results:

- The Department of Justice's requirements are met.

In FY 1998, OMSOE developed a Memorandum of Understanding with the Department of Justice which spells out its voting rights role and other voting rights issues. OMSOE also developed a Customer Feedback form which will be used to establish a baseline on its performance, beginning in FY 1999.

- Skilled observers are provided for exercises.

In FY 1998, OMSOE developed a nationwide strategy to recruit poll observers with special linguistic abilities. In FY 1999, it will explore new sources and means for recruiting language capable and culturally aware observers.

OMSOE observed elections in the Arizona and New York primaries during FY 1998. In FY 1999, it will observe elections in Louisiana, Alabama, North Carolina, South Carolina, Mississippi, Georgia, and Texas; and conduct of language-based exercises in Mississippi, Texas, Arizona, New Mexico, Utah, California, and New York. These later exercises are held at locations where the predominate language of voters is not English.

- High quality election day reports, accurate voter lists, resolution of voting problems, and timely voter list maintenance.

In FY 1999, at the direction of the Department of Justice, OMSOE will begin processing the removal of names from the lists of Federally registered voters for jurisdictions in Alabama, Georgia, Louisiana, Mississippi, and South Carolina.

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OMSOE **Classification appeals, Fair Labor Standards Act (FLSA) claims, and**
Goal 8: **the mobility provisions of the Intergovernmental Personnel Act (IPA)**
FY 1999/2000 **are properly administered.**

Means:

- Adjudicate all classification appeals and FLSA claims accepted, answer related questions, issue guidance, and assure that mobility assignments comply with the law and regulations.

Historically, OMSOE decides between 150 and 200 position classification appeals and about 25 Fair Labor Standards Act claims a year. It publishes guidance on these programs in the Digest of Significant Classification Decisions and Opinions and in FLSA Fact Sheets. FLSA Fact Sheets will continued to be published as the need arises.

- Audit agency use of the mobility provisions of the Intergovernmental Personnel Act.

Indicators/Performance Results:

- Correct, consistent, and timely decisions, as tracked by the *Claims and Appeals Tracking System*.
- Two editions of the *Digest* were published in FY 1998 and another is scheduled for publication in FY 1999.
- FLSA regulations were revised in FY 1998, and FY 1999 will see the publication of FLSA decisions on OPM's website.

The 10-year average processing time for classification appeals is 125 days which is considered reasonable. In FY 97, the number of days was 121. Data for FY 1998 has not yet been calculated. No comparable time lines for FLSA claims have been calculated in the past since the volume was so low. However, beginning later in FY 1999, the number, timeliness, and nature of FLSA claims will be tracked through the Claims and Appeals Tracking System

- IPA delegations are properly exercised.

The IPA Handbook and IPA Program Coverage Guide were created in FY 1998. The Guide will be used to audit mobility assignments in the big users during FY 1999. About seven or eight agencies account for about 80 percent of these assignments. This will be the first time these assignments have been audited for compliance with the law and regulations.

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OPM STRATEGIC PLAN GOAL III:

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS AND ENVIRONMENT OF THE 21ST CENTURY.

FY 2000 RESOURCE SUMMARY: Obligations (000): \$2,093 Full-Time Equivalents: 23

- Help agencies design, implement, manage, and evaluate personnel demonstration projects, as well as other alternative personnel approaches, such as those envisioned for performance-based organizations. (Continuing)

OMSOE **Personnel demonstration projects and alternative personnel systems**
Goal 9: **are successfully implemented.** (See ES Goal 18, WCPS Goal 13, and
FY 1999/2000 **OWR Goal 13).**

Means:

- Help agencies design, implement, manage, and evaluate personnel demonstration projects to test innovative and more effective HRM practices and programs.
- Monitor, evaluate, and publicize the implementation of active personnel demonstration projects.
- Monitor and publicize alternative personnel management systems.
- Share lessons learned.
- Publicize the nature and outcomes of demonstration projects and alternative personnel systems.

Indicators/Performance Results:

- The number of demonstration projects and alternative personnel management systems approved by OPM for publication in the *Federal Register* and the number implemented.

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FY 1998 was a record-setting year for demonstration projects. Final Federal Register plans were published and implementation began on five projects:

• Department of Commerce • Naval Warfare Centers • Army Medical Research and Materiel Command	• Army Research Laboratory • Army Engineer Waterways Experiment Station
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Proposed Federal Register plans were completed and published for the DoD Acquisition Workforce, the only demonstration project to cover a workforce rather than an organization.

In FY 1999, four more demonstration projects are expected to be implemented. Work is in progress on three more projects testing new pay and classification systems. The Demonstration Project Evaluation Handbook was released as a working draft in FY 1998. Demonstration project presentations were given for the American Compensation Association, the International Personnel Management Association, Federal Executive Boards, and a variety of agencies.

➤ New HRM laws, regulations, or lessons learned from demonstration projects.

The Federal Employees Pay and Compensation Act authorized, for the first time, recruitment, retention, and relocation bonuses and allowances. These were first tested in the China Lake Demonstration Project. OPM's most recent legislative initiative would authorize broadbanding, which also was tested at China Lake and at the National Institute of Science and Technology.

Categorical ranking and the authority to extend probationary periods, particularly when a job's life cycle covers more than a year, were tested at the Department of Agriculture (USDA) and found to be highly successful. The USDA project also was made permanent through legislation.

The Demo Web Page was enhanced by linking all demo plans in the Federal Register and including the Demo Handbook and Demo Fact Sheets. Demonstration Project Guides were prepared to help agencies improve their HRM programs. The Guides include the Innovator Took Kit, Flexibilities in the Federal Government, and the Demo Handbook.

The first status report on the DoD Labs was reviewed for conformance to OPM's standards and criteria and approved in FY 1998.

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- Increase in the level of agency HR Directors' satisfaction with regard to 1) OPM's leadership of in this area, and 2) their opportunity for involvement, and HR Specialists' satisfaction with regard to 1) information sharing and 2) technical assistance, as measured by informal customer feedback and an increase of 2% over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the annual OPM Customer Satisfaction Survey.

The satisfaction levels as measured by the FY 1998 customer survey for HR Directors were 35.7% for leadership, and 41.4% for opportunity for involvement, and for HR Specialists were 55.5% for information sharing and 52.9% for technical assistance. These results, particularly for leadership, are inconsistent with the other measures and results described above and the informal feedback we have received directly from agencies we have assisted to design new demonstration projects. Nevertheless, we are concerned about these results and will explore them in focus groups and through other follow-up. We will also reassess whether this survey and its target audience is an appropriate vehicle for assessing customer satisfaction in this area.

OPM STRATEGIC PLAN GOAL IV:

**DELIVER HIGH QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES TO
FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS AND THE PUBLIC.**

FY 2000 RESOURCE SUMMARY: Obligations (000): \$1,047 Full-Time Equivalents: 11

- Provide readily accessible primary source data for meeting the workforce information needs of OPM, the other central management agencies, the Congress, the White House, and the public through the Central Personnel Data File and other reporting systems.
(Continuing).

**OMSOE
Goal 10:
FY 1999/2000**

The workforce information needs of OPM, other central management agencies, the Congress, the White House, and the public are met.

Means:

- Maintain and update data reporting requirements, workforce information systems, the Central Personnel Data File (CPDF), and other reporting systems.

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- Maintain and update the *Guide to Processing Personnel Actions*, *EXPRO*, the *Guide to Personnel Record Keeping*, the *CPDF Edit Manual*, the *Guide to CPDF*, the *Guide to Personnel Data Standards*, and the *SF-113 Summary Data Reporting System Operating Manual*.
- Produce recurring and non-recurring reports for OPM, O&E, agencies, and others, conventionally and electronically.
- Administer Federal record keeping requirements and personnel action documentation.
- Answer questions about the Official Personnel Folder, merged files, medical files, service credit, documentation of personnel actions, and access to the CPDF.
- Respond to and give legal advice on Freedom of Information and Privacy Act requests concerning Governmentwide personnel systems and the release of O&E records and reports.
- Assist OPM and agencies in the techniques of collecting, researching, sampling, and using data from the CPDF.

Indicators/Performance Results:

- Accurate and timely CPDF and other workforce information systems.

In FY 1998, OMSOE published the Fact Book, Work Years & Personnel Costs, Pay Structure of the Federal Civil Service, Occupations of the Federal White-Collar and Blue-Collar Workforce, and four issues of Employment and Trends. These were published on paper and on the web. All manuals on the Workforce Information pages and the statistical data were updated during the year.

- The records of at least 97 percent of employees per major agency are correct on all core elements.

The General Accounting Office (GAO) report of September 1998, OPM'S CENTRAL PERSONNEL DATA FILE. Data Appear Sufficiently Reliable to Meet Most Customer Needs, reported that:

- *The majority of the data elements are 99 percent accurate. Depending on the methodology, 63 percent or 70 percent of the data elements are at least 99 percent accurate, and 35 percent to 44 percent are 100 percent accurate.*

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- *All of the data used by OPM's Office of the Actuaries to help estimate the Government's liability for future retirement payments are 99 percent accurate or more, except adjusted basic pay which is about 94 percent accurate.*
- User satisfaction with OPM's record keeping requirements, workforce information, and data services.

According to the GAO report, between 67 and 81 percent of respondents said that the CPDF meets their needs to a very great or great extent, and between 72 and 84 percent rated the quality of CPDF products as excellent to very good. Between 72 and 86 percent of respondents said that the explanatory material they receive enables them to use the data correctly to a very great or great extent.

The FY 1998 baseline for technical inquiries is: 50 unique data requests per week; 30 inquiries about personnel documentation or CPDF processes per week; and an average of 11,800 website hits per week.

- Growing interest in data publications on OPM's website.

Its web files are routinely in the top 25 files downloaded from OPM's website, and the Workforce Information directory now averages over 11,800 "hits" a week. The Internet has profoundly affected the way OMSOE disseminates data, increasing its audience, while reducing its publication costs. Between October 1, 1997, and September 30, 1998, OMSOE responded to 150 Internet e-mail requests for information.

VERIFICATION AND VALIDATION

- An outcome-focused system model that applies HRM indicators for each merit system principle will be used for measuring (1) HRM contributions to agency missions, (2) the effectiveness and cost of HRM operations, and (3) compliance with merit system principles, laws, and regulations.
- Accepted data collection, analysis, and evaluation practices will be used to collect HRM data, study policies and programs, review agency operations, and answer technical inquiries.
- The *Merit System Principles Questionnaire* which measures employee attitudes annually on merit practices will be content valid and reliable according to accepted practices.

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- Proposals for HRM policy change will be fully justified by the quality and quantity of the evidence produced by the data, analyses, and evaluations performed.
- Accepted statistical processes will be used to determine 5- and 10-year outcome trends for HRM efficiency and productivity.
- Accepted, automated tracking software will be used to monitor progress in data collection, analyses, studies, and reviews.
- Feedback will be collected from clients and analyzed according to accepted evaluation practices.

FY 2000 BUDGET CHANGES:

An increase of \$1,800,000 is composed of:

An increase of \$600,000 is requested to expand oversight efforts to ensure that merit system principles are followed. OPM will redirect 9 FTE in support of these efforts.

A transfer of \$1,200,000 from Administrative Services is necessary to finance CPDF Modernization efforts. OPM will redirect 5 FTE to support this effort.

SALARIES AND EXPENSES/GENERAL FUND APPROPRIATION

EMPLOYMENT SERVICE

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$25,267	\$28,893	\$30,893	\$2,000
Full-Time Equivalents	287	219	219	---

DESCRIPTION OF ACTIVITY

The Employment Service (ES) performs major core functions that OPM is required by law to provide to agencies. These functions include policy leadership and technical advice and assistance in Federal employment information, selection and promotion, delegated examining, training and assistance, testing, workforce restructuring, Veterans' employment issues, and affirmative recruiting programs. Also, as co-chair of the Human Resources Technology Council (HRTC), ES helps agencies collaborate on the Governmentwide effort to streamline and automate human resources management functions. ES performs certain other core functions which are funded through a mix of appropriated and reimbursable funds (e.g., USAJOBS, Presidential Management Intern program, Administrative Law Judges); goals for these programs are described in the Revolving Fund section of this FY 2000 Annual Plan and Budget Justification.

In order to meet these responsibilities, ES has designed and implemented a capacity model that reflects core competencies and skills needed to carry out our mission. Based on this model, skilled individuals are recruited from a variety of sources including highly-experienced public sector human resource specialists and managers from other Federal, State & local agencies, leading graduates from a diverse cross section of colleges and universities, and private sector candidates from across the nation. In addition, ES utilizes a contingent workforce of temporary and term employees, and experienced staff from other agencies, who can offer operational experience to supplement our existing professional staff in areas where we are designing new and innovative policy. As needed, ES contracts with leading private sector companies and contractors to provide functional and technical expertise in application development, Y2K compliance, operational support, and other areas.

All existing ES automated systems have been upgraded to the new agency standards for Y2K compliant applications and internal systems needed to manage the nationwide network of Service Centers are being streamlined, refined, and upgraded. ES utilizes a number of systems to

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accomplish the delivery of human resource services and the management of program information.

FY 2000 Priorities

ES has identified three priorities for FY 2000, the first of which will be to design a model for workforce planning, analysis, and forecasting. Agencies must prepare to deal with future potential crisis (e.g., the aging workforce & Y2K) that could be averted through proper workforce planning. As part of this model, an automated tool will support data-driven HR strategies and decision making in agencies and enable users to profile agency-specific needs (e.g., by occupational series, required competencies, race, national origin, and gender) and conduct "what if" scenarios, projections, and analyses. Results of this initiative will support effective succession planning in agencies and enable them to select from a diverse pool of applicants for mission-critical occupations. (ES Goal 8)

The second ES priority will be to redesign the Government's qualification standards to use the Department of Labor/OMB Standard Occupational Classification (SOC) as the organizing framework. This will align public and private occupations for the first time. The revised qualification standards will be integrated with competency-based approaches to examining and other human resource functions. The result will support a seamless coordination of selection, career development, and job mobility programs. (ES Goal 3)

The third priority is to ensure that agencies are carrying out their delegated examining responsibilities in accordance with law and regulation, the Employment Service provides support to, and regularly recertifies, each operating Delegated Examining Unit (DEU) to ensure that agency DEU staff are fully trained. ES will take an aggressive look at each of the DEU's, in conjunction with the Office of Merit Systems Oversight and Effectiveness, to ensure proper and effective operation. (ES Goal 14)

**ANNUAL PERFORMANCE GOALS FOR FY 2000
BY STRATEGIC PLAN GOAL AND OBJECTIVE**

OPM STRATEGIC PLAN GOAL I:

***PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE
FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.***

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FY 2000 Resource Summary: Obligations (000): \$13,508 Full-Time Equivalents: 80

[Includes \$2,000 for the development of recruitment, selection, training and retention strategies for information technology occupations.]

OVERALL HUMAN RESOURCES MANAGEMENT

- By the year 2000, examine all significant Governmentwide human resources management policies and programs to identify changes needed to promote a merit-based and cost-effective Federal service and the optimum balance of Governmentwide uniformity and agency-specific flexibility across those policies and programs.
- By the year 2002, propose and implement clear, effective policies and programs wherever a need for change was identified in the Year 2000 review.

ES Goal 1: **By the end of FY 2000, needed changes in all significant OPM**
FY 1999/2000 **program policies are identified and changes are introduced so that**
 Federal agencies are better equipped to respond to changing human
 resources and agency needs in the 21st century.

In FY 1998, ES completed a review of all employment policies and programs and identified useful staffing flexibilities requiring legislation as part of the OPM Director's HRM '98 Initiatives effort. This effort, which provided a framework for evaluating policies and systems across OPM, had two consequences: 1) the goal established in the FY 1999 Annual Plan to review all employment policies by the year 2000 was accomplished in FY 1998; and 2) the value of continuously working closely with agencies and other stakeholders (who played a significant role in the development of the HRM '98 Initiatives package) was integrated into future policy review indicators in ES. ES policy development initiatives for FY 2000 clearly focus policy development efforts on meeting agencies needs for increased flexibility and speed in hiring and internal placement processes, while still ensuring that agencies are able to operate within the merit system that underpins the civil service.

In addition, ES has established three specific goals (ES Goals 3-5) that cover major policy and program initiatives that were identified in the FY 1998 policy review process. These three goals are: 1) Redesigning the Qualification Standards, 2) Integrating and streamlining the three existing workforce restructuring programs, and 3) Revising the merit promotion process. Work on these three initiatives began in FY 1998 and will continue in FY 1999, FY 2000 and beyond.

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The first of these goals, Redesigning the Qualification Standards, is an ES priority initiative for FY 1999/2000.

Means:

- Collaborate with agencies, interagency groups, and external stakeholder groups (such as veterans' organizations, minority representation groups, and others) to obtain feedback on existing policies and programs, and needed revisions.
- Collaborate with other OPM Services and the Office of Merit Systems Oversight and Effectiveness (OMSOE) as policy and program reviews are conducted, to ensure that policies and programs are supportive of each other and facilitate high performance in Federal agencies.
- Establish a practice of evaluating new policies, after implementation, to determine that agency needs are met, and forecast projected needs for the next 5-10 years.
- Review reports, studies, CPDF data, demonstration project results, and innovative public and private sector HR programs to identify areas of program and policy improvement.
- Use OPM Web site as an interactive means to post information and obtain feedback on proposed and current policies and programs from external stakeholders.
- Listen and respond to stakeholder input by developing policies and programs that meet specific short-term and long-term needs of agencies. Examples of actions that have been identified for FY 1999/2000 are:
 - Facilitate Governmentwide shift to contingent workforce through new policies and procedures.
 - Identify and anticipate potential labor shortages and turnover problems and provide policies that address these issues.
 - Explore policy options for recruiting and retaining talented individuals who have left Federal service (e.g. hiring annuitants).
- Continue to review and reduce, where appropriate, the overall number of excepted service appointing authorities to simplify the hiring process.

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Indicators and Performance Results:

- An increase in the level of agency HR Directors' satisfaction with 1) OPM's employment policy leadership and 2) their opportunity for involvement, as measured by informal feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

The HR Directors' baseline satisfaction levels with major components of the ES program, as measured by the FY 1998 survey were as follows:

<u>Program Area</u>	<u>Policy Leadership</u>	<u>Opportunity for Involvement</u>
Employment Information	83.7%	78.0%
Selection and Promotion	75.6%	75.0%
Workforce Restructuring	80.6%	75.0%
HR Systems Automation	54.3%	57.6%

- Meet at least quarterly with key stakeholder groups (agencies, interagency groups, and external stakeholders) to determine their views on proposed and existing policies and programs, and to obtain ideas on revisions.

In FY 1998, stakeholder forums for collaborative staffing policy development were used successfully to begin the review of merit promotion policies and to assist in the development of revised workforce restructuring policies.

- Favorable perception of employees Governmentwide that staffing is conducted in accordance with Merit Systems Principle 1, "Recruit, select and advance on the basis of merit," as measured by a 50% favorable rating, or higher, on relevant questions on the OPM Merit Systems Principles Questionnaire (MSPQ).

The baseline FY 1999 MSPQ survey showed a 47.5% overall favorable rating for Principle 1.

- New or revised policies are issued in a timely manner, so that agency needs are met without delay, and informal feedback from agencies indicates that these policies are beneficial to agencies.

In FY 1998, ES supported agencies by moving quickly to provide waivers and other flexibilities to deal with staffing for agency Y2K computer positions. ES also added a new job search feature to USAJOBS to make Y2K compliance job opportunities easy to find and to attract the attention of job seekers.

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ES continued to play a critical role in providing policy and guidance to agencies on minimizing the negative impact of downsizing on displaced employees. New policies implemented provided agencies with more control and discretion in making early retirement offers, gave additional flexibility in taking into account employee performance during reductions-in-force, expanded career transition programs for displaced employees, and added several new restructuring tools to help avoid involuntary separations.

ES also provided agency managers with more tools and options to use during downsizing and restructuring. For example, ES finalized regulations on use of annual leave after RIF; finalized regulations on retreat; issued interim regulations on offers of vacant positions in RIF; implemented new legislation; and issued new regulations on Early Retirement Authority to correct a court decision.

Subsequently, between FY 1996 and FY 1997, 43,340 displaced Federal employees facing RIF-separations were given career transition assistance and selection priority for other jobs; 17,620 surplus and displaced Federal employees were placed into other positions within their agency; 1,738 displaced Federal employees were rehired through the Reemployment Priority List by the agency from which they were separated; and 793 displaced Federal employees who were RIF-separated by one agency were selected for positions in other agencies. [Note: Data from FY 1998 will be available in March 1999]

- The numbers of appointing authorities continue to be reduced.

In FY 1998, ES published final regulations that established two Governmentwide Schedule A appointing authorities -- one for fellowship-type positions and the other for student/employees who are paid stipends. These two authorities enabled ES to revoke 36 individual authorities in 10 different agencies. ES continues to evaluate the remaining authorities for possible reduction.

- Indication by agencies that the new policies and programs are assisting them in recruiting and selecting a diverse, high quality workforce, as measured through the OPM Customer Satisfaction Survey, after the new policies and programs have been implemented.

Because this is an FY 1999/2000 initiative, there are no data to report from the baseline FY 1998 survey.

- The effectiveness of policies and programs available to recruit and select a high quality workforce as measured by the results of external studies and program evaluations conducted by independent organizations such as the U.S. Merit Systems Protection Board, the General Accounting Office and OPM's Office of Merit Systems Oversight and Effectiveness.

HUMAN RESOURCES SYSTEMS AUTOMATION

- Provide Governmentwide leadership via the Human Resources Technology Council for cooperative business process redesign and system modernization efforts, in support of the Clinger-Cohen Act of 1996. (Continuing)
- Through the Human Resources Technology Council, fully exploit modern automated technologies to improve human resource management practice for examining, training, classification, performance management, benefits administration, and personnel documentation and recordkeeping, by achieving the following sub-objectives:
 - By the year 1998, establish core requirements for human resources systems; set benchmarks; and evaluate existing and developing systems against requirements and benchmarks.
 - By the year 1999, establish requirements and a model for an electronic official personnel folder (Digital OPF) to replace paper personnel records.

ES Goal 2: **With the Chief Information Officer (CIO), leadership and support are provided to the Human Resources Technology Council (HRTC) so that Governmentwide Human Resources business process redesign, systems modernization efforts, and planning initiatives to fully exploit the use of modern automated technologies are pursued. [See also OCIO Goal 1 under Administrative Services tab.]**

FY 1999/2000

The Human Resources Technology Council (HRTC) supports OPM's interest in ensuring that agencies are able to make the best and most cost-effective use of automation to achieve human resource management objectives. The HRTC is responsible for crafting a long-term strategic vision and goals for human resource management Governmentwide, particularly as it relies on automation to accomplish these goals. (This goal incorporates actions covered by ES Goals 3 & 4 in the FY 1999 plan.)

Means:

- Co-chair the HRTC with OPM's Chief Information Officer, convene regular meetings, and provide administrative support.
- Ensure that a high level of participation continues through FY 2000 by addressing topics that are relevant and important to the HRTC members and their respective agency missions.

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- Through the HRTC, conduct and coordinate Governmentwide HR automation studies, such as the recently completed Governmentwide HR Information Systems Study and the ongoing Virtual Human Resources Data Repository (subgoal 2a) and share results of these studies to foster improvements in HR management.
- Develop Governmentwide policy for cooperative business process redesign and systems modernization based on HRTC studies and analyses.
- Use feedback from the HRTC members and other agencies as a tool for assessing policy effectiveness.
- With HRTC support, encourage small agencies to establish consortia or other mechanisms to enable these agencies to benefit from automation advances.
- Provide assistance to small agencies seeking to modernize their HR processing system(s) by offering access to a Government compliant, client-server based, HR processing system. Access would be offered through OPM's "HR Host" service on a reimbursable basis to agencies interested in such service.

Indicators and Performance Results:

- Satisfaction of HRTC members with the results of HRTC studies and services, and their opportunity for involvement in the Council policy making will increase over FY 1999 or maintain at 90%, as measured by the annual OPM Customer Satisfaction Survey.

The HRTC member's baseline satisfaction levels as measured by the FY 1998 survey were as follows:

	<u><i>Policy Leadership</i></u>	<u><i>Opportunity for Involvement</i></u>
<i>HR Systems Automation</i>	64%	82%
<i>Governmentwide HR Infor. Systems Study (1998)</i>	100%	92%

- Actions are initiated as a result of HRTC policy discussions.

During FY 1998, the HRTC delivered to the President's Management Council a Governmentwide study on HR systems requirements and a review of current legacy and new developing systems in all major departments and agencies. This critically acclaimed study has been widely disseminated and is the basis for follow-on work during FY 1999 and 2000. These actions include development of a strategy with OPM on electronic data record-keeping

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and reporting; an occupational analysis of IT positions; working with the Joint Financial Management Improvement Program (JFMIP) on finalization of payroll requirements; and research on best practices in the public and private sectors in human resource automation.

ES Subgoal 2a: As co-chair of the Human Resources Technology Council (HRTC), ES FY 1999/2000 will support and assist other OPM organizations to begin the delivery of the initial capabilities that implement the Governmentwide vision of a Virtual Human Resources Data Repository. [See OCIO Goal 2a under Administrative Services tab for Means and Indicators].

ES Subgoal 2b: Under direction of the Human Resources Technology Council (HRTC), human resources information flow between agencies, OPM, and other relevant parties is improved through an expanded centralized delivery mechanism ("data hub").

Means:

- Create and support the "data hub," a centralized delivery mechanism for electronic human resource information as it flows between agencies, OPM and other relevant parties.
- As a first step, work with OPM's Retirement and Insurance Service to implement a process to allow Federal agencies who electronically collect FEHB enrollment information to pass that information to OPM's "data hub," to be reorganized and forwarded to over 380 FEHB carriers, thus relieving agencies of the burden of developing and maintaining multiple interfaces with carriers.
- Through the use of a single collection point ("data hub"), provide any agency who wishes to utilize this service with a consistent data delivery model for the flow of HR information.

Indicators and Performance Results:

- Evaluate qualitative feedback from the HRTC members on satisfaction with the operations of the "data hub."
- Increase the scope of the centralized delivery mechanism ("data hub") to accommodate Governmentwide requirements.

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HUMAN RESOURCES SYSTEMS AUTOMATION

- Continue to increase the number of agencies using Employee Express each year, to enable more employees to make self-directed benefits changes.

ES Subgoal 2c: Through the encouragement of the Human Resources Technology Council (HRTC), an increased number of agencies are using self-service benefits selection systems (such as OPM's Employee Express).
FY 1999/2000

Means:

- Continue to form consortia of small agencies to make Employee Express affordable.
- Continue to work with customer agencies to define additional options for Employee Express and Annuitant Express.
- Expand capability of OPM systems for easy, organized flow of automated HR data to meet diverse system needs of agencies, and thereby encourage agencies to utilize existing or to develop new self-service benefits selection systems.
- Continue to provide excellence in customer service.

Indicators and Performance Results:

- The numbers of agencies and employees covered by self-service benefits selection systems is increased by 10% over the numbers covered in FY 1999.

Many agencies use Employee Express, an automated system which uses the Internet, telephones and touchscreen computers to enable employees to make direct changes to their personnel files. In FY 1998, participation in the Employee Express system for automated self-selection of benefits increased to include 18 large agencies and a consortium of 13 small agencies, and coverage of more than 770, 700 employees. This was an increase of more than 20% over FY 1997. At least through FY 2000 ES expects increases in the numbers of employees with access to Employee Express. As more agencies implement planned acquisition of major HR automated systems this use could decline. However, this will not reduce the numbers of employees with access to self-selection benefits systems, as the new systems will include these features, or will be configured to continue linkage to Employee Express.

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- The scope of OPM data delivery systems is increased to accommodate diverse agency self-service benefits selection system requirements. Self-service benefits systems allow for the direct entry of transactions once processed in operating HR offices, saving valuable resources and at the same time, increasing employee access to their own data.

In FY 1999, new options for Savings Bonds and overseas employee coverage were added; in FY 2000 plans are underway to add a retirement estimator, W4 worksheet, access to a federal benefits knowledgebase, and paperless CFC contributions. When Employee Express was expanded to the Internet, the ES team developed an in-depth security plan addressing the system network, software, architecture, and user access security issues. The system underwent thorough testing by security experts from partner agencies and private security contractors which resulted in no security breaches to the system. ES also built a system modeled after Employee Express, the D. C. Government Health Benefits Selection System, in just three weeks.

STAFFING AND EXAMINING

- Ensure that agencies are able to determine the lawful rights of employees and applicants, including veterans, during hiring, promotion, and restructuring. (Continuing)
- Increase the quality of the Federal workforce by continually encouraging the use of valid, fair, and merit-based examining procedures for selection and promotion. (Continuing)
- Encourage the use of targeted programs designed to attract highly qualified candidates for the Federal Government, such as the Presidential Management Intern Program. (Continuing)

ES Goal 3: **Redesigned Qualification Standards that integrate competency-based examining and DOL/OMB Standard Occupational Classification systems are completed so that agencies are better able to coordinate selection, career development, and job mobility programs and to provide a simple, understandable framework for Government job applicants.**

OPM will redesign the Government's qualification standards to use the Department of Labor/OMB Standard Occupational Classification (SOC) as the organizing framework. This will align public and private occupations for the first time. The revised qualification standards will be integrated with competency-based approaches to examining and other human resource functions. The result will support a seamless coordination of selection, career development, and job

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mobility programs. Much of the redesign work will be accomplished through teams from Federal departments and agencies on reimbursable detail to OPM. The new standards will benefit the HR community and Federal managers and provide a simple, understandable framework for job applicants.

In FY 1999, OPM will identify key occupations to study initially and will pilot "model" qualification standards criteria. The pilot occupations will be evaluated and the results used for improvement and implementation of a new qualifications standards approach. As standards are revised, they will be issued in a new format that makes them more useful to line managers and members of the public, as well as to HR professionals. CDS and Internet-based hypertext systems will make standards readily available to everyone needing access to them.

After development and validation of the model, OPM will move forward in FY 2000 to implement comprehensive standards revision. The process will be closely integrated with the new SOC. OPM's competency-based approach will identify common clusters of occupations for which a general standard is appropriate. Where single-occupation standards are required, they will be developed in close consultation with agencies, appropriate unions, professional associations, and other stakeholders. Stakeholder input and other labor market data will also be used to identify critical need occupations for immediate attention.

With requested additional funding and/or funding obtained from stakeholder agencies, the revised standards will be completed and implemented, the new Qualifications Standards Handbook will be issued, and the "virtual handbook" will be available in FY 2000/2001. **This is an ES priority initiative.**

Means:

- Collaborate with agencies to ensure the standards meet user needs and assemble teams, on reimbursable details to OPM, to review work and make revisions where needed.
- Define competency-based approach to identify common clusters of occupations, single-occupation standards and competency-based job-family clusters for Qualifications Standards methodology (to be completed in FY 2000).
- Develop and implement a prototype "virtual handbook," to showcase the revised qualifications standards on the Internet; and use Internet capabilities to provide access and links to other Federal job information sites and resources, (to be completed by the end of FY 2000).

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- Establish a process for continual review of single-occupation standards and job-family clusters standards as critical occupations change.

Indicators and Performance Results:

- Revised Qualifications Standards for critical occupations are available to agencies as planned by the end of FY 2000.
- Agencies will indicate that the new standards are assisting them in recruiting and selecting a diverse, high quality workforce, as measured through the OPM Customer Satisfaction Survey, after the new Qualifications Standards have been issued. *Because this is an FY 1999/2000 initiative, there are no data to report from the baseline FY 1998 survey.*
- In the longer term (FY 2002 or beyond), agency performance reports will indicate that they were able to hire the high quality workforce needed to accomplish agency goals, and CPDF data will indicate that agencies were able to recruit from a diverse workforce.

ES Goal 4: **A flexible framework is in place to help agencies that are downsizing and restructuring to maximize their use of various alternatives to involuntary separations without reducing employee protections provided by the four statutory retention factors established in the veterans preference act for use in reductions in force.**

In FY 1999/2000, ES will integrate and streamline the three existing Governmentwide programs which assist Federal employees displaced by restructuring to be more user-friendly for both employees and agencies.

Means:

- Review existing alternative personnel systems (e.g. Demonstration Projects), and pending and proposed legislation to identify agency plans for flexibilities in areas such as pay, broadbanding, performance management and qualifications.
- Based on identified agency plans, develop a framework that provides agencies with alternatives in the reduction in force process while maintaining consistency with the four statutory retention factors mandated by the Veterans Preference Act.
- Form agency work groups to review alternative framework and to provide feedback in regard to practicality and flexibility.

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- Provide technical assistance in using flexibilities for any agency/groups of agencies for which new statutory personnel tools are enacted.
- Work closely with other OPM offices to ensure that the flexible framework is in compliance with other existing policies and regulations.
- Ensure that the framework recognizes reduced HR resources in agencies.

Indicators and Performance Results:

- Alternative reduction in force processes will be developed and available for use as planned.
- Agencies will be able to implement new personnel practices that will be supported by the alternative framework while preserving the four statutory retention factors mandated by the Veterans Preference Act.
- Agency satisfaction with the new framework will be at the 90% or higher level, as measured through the OPM Customer Satisfaction Survey. *Because this is an FY 1999/2000 initiative, there are no data to report from the FY 1998 baseline survey.*

ES Goal 5: **A new merit promotion process, supported by the merit principles, will provide agencies with practical and flexible processes that support a high- quality workforce.**

Means:

- Continue to work with cross-disciplinary agency work groups consisting of human resources professionals, EEO professionals, line managers, and a variety of OPM offices including the internal personnel office, OMSOE, and Center for Partnership and Labor-Management Relations, to identify agencies' concerns and best practices regarding existing merit promotion processes.
- Consult, on an ongoing basis, a variety of stakeholders (e.g., NAPA, IPMA, 11 national unions, Federal senior executives) and private sector counterparts to identify and maintain best practices in employee recruitment, selection, and promotion.
- Final regulations to implement revised merit promotion policy process will be issued during FY 2000.

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- Develop merit promotion guidebook that provides agencies and employees with best merit promotion practices, a definition of terms, and approaches and options available to agencies while adhering to the merit principles.
- Develop a component of new merit promotion policy that requires agencies to provide orientation and training for employees on the agency's merit promotion process.
- Work closely with OMSOE to ensure that agencies are implementing new merit promotion processes in compliance with merit principles and regulations.

Indicators and Performance Results:

- Agency satisfaction that their views were taken into account and that the new process will be effective at the 90% or higher level, as measured by the OPM Customer Satisfaction Survey. *Because this is an FY 1999/2000 initiative, there are no data to report from the FY 1998 baseline survey.*
- The publication of new regulations regarding merit promotion policy will be issued as planned.
- A merit promotion process guidebook will be developed and published as planned.
- Orientation and training materials that assists agencies in meeting the regulatory requirements will be developed and published as planned.

ES Goal 6: **Agencies receive clear, accurate, timely advice and assistance to**
FY 1999/2000 **ensure that the lawful rights of employees and applicants, including**
 veterans, are safeguarded.

Means:

- Develop simple and clear explanations of laws, regulations, and Presidential policies which can be understood and easily adapted by agencies, following plain language guidance.
- Provide comprehensive models, guidance, and assistance to agencies as they conduct decentralized HR activities and implement employment policies and programs.
- Continue to use more collaborative processes with agencies to improve the way in which operating managers and personnel staff learn about new developments affecting their human resource management responsibilities and the policy tools available to them.

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- Use electronic media, including the OPM Web site and CD ROM formats to widely disseminate core policy and program information, including laws, regulations, appellate decisions, and to respond to questions.
- Ensure that all proposed and final rules published in the Federal Register use plain language.
- Review and rewrite, as needed, all ES documents explaining how to obtain services or how to comply with agency requirements in plain language, by the end of FY 2001.

Indicators and Performance Results:

- Report on the guidance and models issued during the year.

ES issued memoranda to HR Directors announcing new provisions of the Defense Authorization Act for FY 1998 that extended veterans' preference to Gulf War veterans and veterans meeting certain other specific service criteria. ES prepared questions and answers addressing issues concerning these new provisions and placed them on the OPM web site; and issued instructions to OPM examining offices and agency Delegated Examining Units (DEU's) on how to apply the new provisions.

ES conducted two special reviews of sample vacancy announcements to determine whether they met special career transition announcement requirements; conducted a study of the Reemployment Priority Program; completed comprehensive reports on agency buyout use and agency reemployment of buyout-takers; developed a new regulation-based voluntary early retirement program; and issued guidance on the use of Early Retirement Authority during FY 1998 and FY 1999.

Also in FY 1998 ES issued a new CD-Rom entitled "Career Transition -- a Briefing and Resource Guide for Employees" and in FY 1999, ES will develop comprehensive guides for agencies and managers on restructuring alternatives and RIF avoidance, and on HR issues and policies when outsourcing.

ES provided support to agencies in understanding medical disqualifications of preference eligibles, and in developing medical standards for positions considered arduous and hazardous.

ES also assisted the District of Columbia in its efforts to minimize the impact of downsizing, by establishing a special program to place in Federal positions displaced D.C. corrections workers, and approved an early retirement authority request for all D.C. Government.

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- Evaluate qualitative feedback from agencies on the usefulness of guidance provided, including feedback on the OPM Web site.
- An increase in the level of agency HR Specialists' satisfaction with information sharing and technical assistance in employment areas, as measured by informal feedback and by a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

The HR Specialists' baseline satisfaction levels with major components of the ES program as measured by the FY 1998 survey were as follows:

<u>Program Area</u>	<u>Information Sharing</u>	<u>Technical Assistance</u>
Employment Information	86.9%	83.7%
Selection & Promotion Policy	81.0%	78.6%
Merit Based Examining Tools	77.4%	76.1%
Veteran's Preference	86.6%	84.2%
Reduction in Force	83.1%	79.5%
Early Retirement/VSIP	85.8%	81.7%
Career Transition	75.0%	73.1%

- Satisfaction levels at 80% or higher for specific guidance materials issued in FY 2000 as measured by HR Specialists' ratings on the annual OPM Customer Satisfaction Survey.

The HR Specialists' baseline satisfaction levels with guidance materials issued in FY 1998 were as follows:

<u>Guidance Material</u>	<u>Satisfied/Very Satisfied</u>
VetGuide	88.1%
VERA Guide	84.6%
VSIP Guide	84.7%
Employee Guides (RIF, RIF Separation Benefits, Career Transition, Buyouts)	85.3%

- Evaluate the results of the annual Merit System Principles Questionnaire to determine if there has been at least a 2% improvement in perception of equity and merit base of agency staffing decisions over the FY 1999 results.
- Evaluate the results of oversight reviews to determine if fewer findings of systemic problems are found in agencies, and improvements are noted.

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- All proposed and new rules published in the Federal Register meet plain language criteria.
- At least half of all existing ES policy documents are rewritten in plain language by the end of FY 2000.

ES Goal 7: **Agency requests for variations, exceptions, extensions, waivers, adjudications, and Schedule C activities are responded to in a manner that is both timely and consistent with law and merit staffing principles so that agencies can proceed in a timely manner.**

FY 1999/2000

Means:

- Maintain expert staff fully knowledgeable of relevant statute, legislative history, case law, regulation, guidance, agency practice, and interaction between these various sources, in order to provide accurate reviews of issues which fully consider the impact on existing statute, regulations, and other programs and policies.
- Review exceptions on a periodic basis to ensure that the basis for the exception is well-documented, and compellingly justified.
- Monitor timeliness against standards established in FY 1998 for response to each type of review requested.
- Publish variations within specified timeframes and place on OPM's Web site.

Indicators and Performance Results:

- An increase in the level of agency HR Specialists' satisfaction (or maintenance at the 90% level) with the timeliness, courtesy, and responsiveness of staffing casework service as measured by the annual OPM Customer Satisfaction Survey.

The HR Specialists' baseline satisfaction level with staffing casework service as measured by the FY 1998 survey was as follows:

	<u><i>Satisfied/Very Satisfied</i></u>
<i>Staffing casework</i>	76.6%

- Improve timeliness standards by 5% over FY 1999 levels. *ES will begin tracking these data in FY 1999.*

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- Evaluate the results of the review of exceptions through qualitative analysis to determine if standards for documentation and justification have been met.

ES Goal 8: **A model for workforce planning, analysis, and forecasting (initially enhanced by a direct link to Census, Labor, and educational institution data, with expansion of databases in later versions) is in place so that agencies can enhance workforce quality for mission-critical occupations by selecting from a diverse pool of well-qualified applicants, and by conducting effective succession planning.**

Throughout Government, agencies have reached a stage in their downsizing and realignment efforts which requires a look towards the future to ensure that workforce needs are defined and addressed. Agencies must prepare to deal with future potential crisis (e.g., the aging workforce & Y2K) that could be averted through proper workforce planning.

OPM will respond by designing a model for workforce planning, analysis, and forecasting to assist agencies in understanding and responding to these future challenges. In FY 1997-1998, OPM began the conceptual design of an automated tool which merges information from the Central Personnel Data File (CPDF) and other internal sources to support data-driven HR strategies and decision making in agencies. This tool provides information about potential vacancies due to retirements, promotions, and restructuring. It enables users to profile agency-specific needs (e.g., by occupational series, required competencies, race, national origin, and gender) and allows users to conduct "what if" scenarios, projections, and analyses.

OPM has identified sets of data sources (e.g., Civilian Personnel Data File, Educational Pipeline for Postsecondary Educational Institutions, and Census) to be incorporated in a full-scale version of this automated tool. Results of this initiative will support effective succession planning in agencies and enable them to select from a diverse pool of applicants for mission-critical occupations.

In FY 1999 OPM will continue to work with interested agencies to refine the requirements for this tool, and to compile all of the technical requirements. By FY 2000, a fully operational prototype tool for automated workforce planning will be available. In collaboration with agencies, OPM will leverage the use of this automated workforce planning tool to surface occupationally-specific issues in areas such as staff intake, diversity, and retention. In addition, OPM will establish options for addressing these issues and lead agency stakeholders to begin broad workforce analyses of high profile occupations.

The finished workforce planning tool will be completed in FY 2001. **This is an ES priority initiative.**

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Means:

- Design and implement operational version of existing Workforce Analysis and Planning tool, and provide to agencies on a reimbursable basis.
- Work with interested agencies to refine the requirements for this tool, and to compile all of the technical requirements.
- Implement fully operational prototype tool for Workforce Analysis and Planning, and make it available to agencies on a reimbursable basis by FY 2000.

Indicators and Performance Results:

- The model is available to agencies as planned by the end of FY 2000, and at least two agencies will have begun to use the model.
- Agencies will indicate that the model is assisting them in their internal workforce planning, analysis, and forecasting and additional agencies will use the model with positive feedback.
- In the longer term, agency performance reports will indicate that they were able to hire the high quality workforce needed to accomplish agency specific goals, and that CPDF data indicates agencies were able to recruit from a diverse workforce.

ES Goal 9: **Flexible, cost-effective, Governmentwide intern programs that**
FY 1999/2000 **incorporate competency-based assessment tools, and are built on the**
 successful recruitment model of the Presidential Management Intern
 program and other successful agency intern programs, are available
 so that agencies can identify high quality, diverse candidates for
 mission-critical occupations. [See also ES Goal 12]

OPM's success with the Presidential Management Intern (PMI) program leads way to the innovation and creation of new programs to meet the continued and crucial demand of recruiting and hiring high quality candidates for mission-critical occupations. One such program is the Career Intern Program for entry-level hiring primarily at the GS-5 and 7 levels. In FY 1999, OPM began implementation of this model program for hiring within the agency. By FY 2000, we will offer this program to other agencies to implement, on a pilot basis, for Governmentwide mission-critical occupations. Since the program will be in a pilot testing stage, continued agency feedback for improvements will be an integral component. Agency representatives will be identified to provide such feedback.

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The Career Intern Program will focus on recruiting individuals with diverse backgrounds, specifically work and educational experiences that demonstrate their potential to excel in specific Federal career fields. Recruitment strategies effectively used in the PMI program will also be used in the Career Intern Program as well as other agency intern programs. ES will develop cost-effective and valid assessment tools to identify the competencies needed for mission-critical occupations covered by the pilot program. Additional funding will be requested to support the development of such tools, as well as funding obtained from external stakeholders. ES also intends to develop a wide variety of marketing tools to promote this new program (e.g., brochures, information on OPM's Web site, and specific recruiting tools).

In addition to the Career Intern Program, OPM intends to collaborate with other agencies in identifying additional recruitment programs needed (e.g., selecting and developing outstanding college graduates and those with equivalent education and background).

Means:

- Establish an agency working group (in FY 1999, continuing in FY 2000) to review results of model Career Intern Program and other agency intern programs.
- Design and implement Governmentwide pilot programs in selected agencies and/or for selected mission-critical occupations.
- Develop cost-effective and valid assessment tools to identify competencies needed for mission-critical occupations covered by the pilot programs.
- Design and develop targeted recruitment programs, including high quality recruiting tools to promote new programs (e.g., brochures, information on OPM's Web site, and other specific recruiting tools).
- Plan evaluation of first year implementation of programs, including recruitment strategies and assessment tools, to be conducted in FY 2001.
- Work with agency advisory groups to review needs and develop and/or maintain special recruitment programs to attract the high quality, diverse candidates needed to accomplish Federal Government business (e.g., Presidential Management Intern Program, new programs to select for specific occupations such as IT professionals).
- Begin initial outreach programs with high schools, colleges, and universities to promote the Cyber Corps, a program designed to develop a cadre of IT professionals who will help ensure

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that Federal agencies are in the forefront of computer security technology and critical infrastructure protection.

- Utilize USAJOBS, the Governmentwide automated employment information system, to provide entry/intern program information and application forms to a wide audience of potential candidates.

Indicators and Performance Results:

- Agency satisfaction with program design and their involvement in the process, will be measured using the OPM Customer Satisfaction Survey, focus groups and other qualitative analysis efforts. *Because this is an FY 1999/2000 initiative, there were no data to report from the FY 1998 baseline survey.*
- Agency satisfaction with speed of the hiring process and the quality of hires made through the program, assessed through focus groups and other qualitative analysis efforts.
- External stakeholders satisfaction with effectiveness of policies and programs available to recruit and select a high quality workforce, as measured by the results of studies conducted by such independent organizations as the Merit Systems Protection Board and General Accounting Office.

ES Goal 10: The USACareers Web-based system is placed in 100 universities and colleges with diverse enrollments in academic disciplines related to mission-critical occupations in Government to enhance agency recruitment efforts.

The USACareers Web-based system is a state-of-the-art career planning and development system that can be used by students to perform comprehensive diagnostics of their skills, identify their strengths and weaknesses, obtain feedback on occupational choices and link then to Federal career opportunities. The system is available on a subscription-basis, and ES will continue to offer it on this basis to publicly funded educational institutions. ES has requested additional funding to place the system in educational institutions who cannot afford the fees, or who are privately funded and therefore unable to contract for the system. These placements would include 100 universities and colleges with diverse enrollments in academic disciplines related to mission-critical occupations in Government, and high schools and other locations where the system could be used to support school-to-work initiatives such as Welfare to Work.

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Means:

- Using data collected by the Employment Service, place *USACareers* systems in 100 universities and colleges with diverse enrollments in academic disciplines related to mission-critical occupations in Government.
- Place *USACareers* systems in selected high schools and other locations where case workers and counselors could use the system for job placement and training counseling.

Indicators and Performance Results:

- *USACareers* usage will increase (as measured by increased hits to the Web-based system).
- Longitudinal studies conducted in conjunction with the National Association of Colleges and Employers (NACE) will monitor increases in numbers of students hired from the schools where *USACareers* is placed.
- Agencies indicate that recruitment of diverse, high-quality candidates is enhanced (as measured through the OPM Customer Satisfaction Survey) and through specific follow-up with agencies to assess recruitment. *Because this is an FY 1999/2000 initiative, there were no data to report from the baseline FY 1998 survey.*
- *Welfare to Work* and other school-to-work initiatives show gains in individuals moving into paid employment.

ES Goal 11: Required competencies are identified for all major Federal occupations and occupational analyses of three Governmentwide mission-critical occupations (auditing, accounting, information technology) are completed in order to provide information to support improved recruitment, selection, promotion, and career development tools needed for a high-quality Federal workforce.

Completion of occupational analyses in these three occupations will support OPM's continued Governmentwide leadership role in providing broad-based occupational analysis information to identify competencies for all mission-critical Government occupations. The analyses of these three occupations will begin in FY 1999, when detailed plans will be developed.

Once the occupational studies have been completed, ES will work in collaboration with major agency users of these occupations to develop innovative recruitment and retention strategies.

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These will include identifying sources and locations of high quality candidates; introducing high quality recruiting strategies; identifying critical job competencies for developing assessment tools; developing specific Governmentwide career intern programs for the specific occupations; and developing focused career development programs and orientations for each occupation. With requested additional funding and/or funding obtained from stakeholder agencies, these studies will be completed in FY 2000; otherwise they will be completed in FY 2001 or beyond.

Means:

- Work in collaboration with Federal agencies, various Federal organizations (e.g., Chief Financial Officers, Information Technology Association, Critical Infrastructure Coordination Group), and educational institutions with related academic concentrations to conduct the occupational studies and to develop the strategies for recruitment, selection, training, and retention.
- Assess availability of competency information for critical Government occupations and work with agencies to form cooperative special interest groups to fund studies of remaining occupations.
- Complete the study of trades and labor occupations begun in FY 1998.
- Continue the international study of information technology, telecommunications, and Cyber Corps occupations to be completed in FY 2001.
- Develop a competency-based assessment consortia of state Governments to augment competencies in customer and work orientation.
- Add new competency information to the HRManager automated system which is widely available to agencies and other users to assist in developing valid, job-related selection and promotion procedures and other assessment tools.

Indicators and Performance Results:

- Agency and stakeholder satisfaction with the design and results of the studies, and with the strategies developed (as measured by qualitative analysis of feedback from agencies and stakeholders).
- In future years, by assessing results of longitudinal studies of the quality of the workforce in these occupations to determine if new tools were useful.

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- An increase in the Federal occupations for which competency information is available.

In FY 1998 OPM began a job analysis study of trades and labor occupations; this study is partially funded by agencies with large numbers of wage grade occupations, such as the U.S. Mint and the D.C. Government. (This initiative, estimated to cost about \$2,000,000 would cost at least \$10,000,000 if conducted separately by individual agencies, thus saving \$8 million and ensuring availability of the information Governmentwide.) Previous studies have established tasks and competencies for clerical/technical, professional/ administrative, and supervisory/managerial/executive occupations covering more than 1,000,000 employees.

- Competency data are made widely available through the HRManager and USACareers automated systems.

All of the data from competency studies conducted in previous years are in the HRManager system, and the trades and labor data will be added in FY 2000.

ES Goal 12: **The value of the continued use of valid, fair, merit-based examining procedures, and the improved automated, competency-based assessment tools designed to support them, is communicated so that agencies have a better understanding of the impact of such procedures on workforce quality. [See also ES Goal 9, 21]**
FY1999/2000

Means:

- Assist agencies in tailoring and managing their own decentralized personnel systems so they select, in accordance with merit principles, those employees who will best help them accomplish agency missions.
- Educate Federal agency managers about the benefits of objective competency-based assessment tools for maximizing organizational productivity, reducing turnover, and improving customer service.
- Evaluate validity and cost-effectiveness of existing and new methods for selection and promotion and share findings with agencies.
- Maintain staff expertise in best practices for selection and promotion, in order to provide the best possible advice and assistance to agencies as they tailor their programs.

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- Review data in the CPDF to monitor the types of appointing authorities used to determine if any should be moved to the competitive service.
- Use competency-based selection tools in model programs developed and operated by OPM (e.g., Presidential Management Intern program, Career Intern program).
- Recommend use of competency-based procedures in response to reimbursable requests for assessment assistance, and share results of effective applications.
- Encourage agencies to form cooperative special interest groups to fund the design of competency-based occupational development plans, selection procedures, and other human resource tools to improve workforce quality.

Indicators and Performance Results:

- Favorable perception of employees Governmentwide that staffing is conducted in accordance with Merit Systems Principle 1, ("Recruit, select and advance on the basis of merit"), as measured by a 50% or higher favorable ratings on relevant questions on the OPM Merit Systems Principles Questionnaire (MSPQ).

The baseline FY 1999 MSPQ survey showed a 47.5% overall favorable rating for Principle 1.

- Report whether the review of CPDF data indicated a need for movement of appointing authorities to the competitive service, and the status of this movement.
- Documentation of effective uses of objective competency-based assessment procedures in a variety of situations and at various Government levels.

In FY 1998, ES partnered with the Office of Executive Resources to update the leadership competencies for the Senior Executive Service. The new SES competencies will help agencies to select and promote the senior executive corps needed to lead the continuing transformation of Government.

STAFFING AND EXAMINING

- By the year 2002, using incremental targets established each year, raise the levels of underrepresented groups in Federal employment to be equivalent to their percentages in the relevant external labor market.

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ES Goal 13: **Information and strategies (including a model target recruitment plan) are available to agencies to increase the levels of underrepresented groups in key Federal occupations and at key grade levels by 2 percent over FY 1999 levels where necessary to be equivalent to their percentages in the relevant external labor market.**

FY 1999/2000

The results of the first annual OPM Customer Satisfaction Survey (see Indicators and Performance Results below) indicate that OPM needs to take additional steps to assist agencies in their efforts to create a diverse Federal workforce. In FY 1999, ES will meet with agency representatives to identify actions both OPM and agencies can take to meet this goal; the new and continuing initiatives described below will likely be included.

Means:

- Work cooperatively with veterans' groups such as the Disabled American Veterans, The American Legion, Veterans of Foreign Wars, AMVETS and minority groups such as the Hispanic Association of Colleges and Universities (HACU), Historically Black Colleges and Universities (HBCU), Federal Asian Pacific American Council (FAPAC), Federally Employed Women (FEW), Blacks in Government (BIG), National IMAGE, Inc., the American Indian Higher Education Consortium; and other relevant groups such as the Equal Employment Opportunity Commission, and the President's Committee on Employment of People with Disabilities to develop strategies for encouraging applications from minority applicants.
- Promote awareness of USAJOBS, the Governmentwide automated employment information system, to the groups identified above.
- Target recruitment for special entry/intern programs to Historically Black Colleges and Universities, the Hispanic Association of Colleges and Universities, and other sources of high-quality candidates from groups that are underrepresented in Federal employment.
- Place Federal job information Touchscreen computer kiosks at selected HACU's and HBCU's and other targeted educational institutions in order to increase the diversity of Federal job applicant pools.
- Develop special section on OPM Website to communicate information regarding diversity and minority issues.

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- Develop and issue specific guidance on recruitment strategies for diversity and minority groups who are underrepresented in Federal occupations.
- Explore, develop, and implement programs, tools, techniques, and policies which assist agencies in downsizing and restructuring with methods which do not adversely impact diversity; create new methods to avoid involuntary separations which typically have a more disparate impact on women and minorities.
- Create a model target recruitment plan that incorporates effective methods to assist agencies in their recruitment efforts.
- Provide agencies with clear, easy-to-understand, and timely diversity data and other information to support their own assessment of policy goals and objectives.
- Support special initiatives that could have an impact on increased hiring of a diverse workforce, e.g. Welfare to Work.
- Maintain staff expertise in order to provide advice and assistance to agencies in their own efforts to increase diversity.

Indicators and Performance Results:

- Evaluate comparative data to determine if minority hiring and retention has resulted in a 2% increase in numbers in key occupations and at key grade levels where underrepresentation in the relevant labor market was shown in FY 1999.

ES has identified occupations across Government that we know are underrepresented. We are working with agencies that have a high percentage of underrepresentation in those occupations to develop strategies to address the shortfalls on a more detailed level. In addition, ES staff will continue to foster efforts to ensure that all agencies focus greater attention on diversity issues. For example, we will focus additional efforts on the Interagency Working Group on Race and Ethnicity which is reinventing the way the Federal Government collects race and national origin information. Issues raised include the adoption of a multi-racial category and the ability to make comparisons between the newly proposed categories and the current categories.

- Specific guidance is issued to assist agencies.

In FY 1998, OPM issued a strengthened nine-point plan to increase Hispanic employment, an initiative for improving Black representation at higher grade levels, and targeted

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recruitment guidance for women and for persons with disabilities. OPM also conducted extensive seminars and workshops on diversity and co-hosted a national summit of Federal Hispanic senior executives to develop strategies for increasing their numbers.

- Model recruitment plan issued and agencies are satisfied with its usefulness, as measured by customer satisfaction results on the annual OPM Customer Satisfaction Survey. *Because this is a new FY 1999/2000 initiative, there were no data to report from the baseline FY 1998 survey.*
- Special initiatives lead to qualitative and quantitative results.

The ES partnered with the Social Security Administration to establish Project Able to assist workers with disabilities in reentering the workforce. In FY 1998, the number of employer inquiries soared from an average of 32 per month to over 200 per month. ES also undertook a variety of activities to support the Welfare to Work initiative. To facilitate recruitment, ES implemented a Worker-Trainee job search on USAJOBS, and developed a one-page template to simplify the application process. ES Service Centers worked to support and motivate agencies nationwide through the Federal Executive Boards and Associations, Federal Personnel Councils, and other Federal community groups. ES also sponsored special sessions of the Clerical and Administrative Support examination for individuals participating in job training and placement programs. ES staff were recognized with a Hammer Award for their efforts in making this program a success.

- Touchscreens are placed in HACU's and HBCU's.

In FY 1998, ES collaborated with the Department of the Interior and the Department of the Treasury to place Federal Employment Information Touchscreen Kiosks at Hispanic-serving institutions and Historically Black Colleges and Universities. There are currently 33 institutions that have received a Federal Employment Touchscreen Kiosks through similar partnership agreements.

- Evaluate satisfaction with assistance through a qualitative analysis of direct feedback from external stakeholders, including feedback posted on the OPM Web site.
- An increase in the level of agency HR Specialists satisfaction with information sharing and technical assistance as measured by informal feedback and by a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

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The HR Specialists' baseline satisfaction levels with this component of the ES program as measured by the FY 1998 survey was as follows:

<u>Program Area</u>	<u>Information Sharing</u>	<u>Technical Assistance</u>
Workforce Diversity	70.3%	68.5%

- Satisfaction levels at 80% or higher as measured by HR Specialists' ratings on specific guidance materials issued in FY 2000, as measured by the annual OPM Customer Satisfaction Survey.

The HR Specialists' baseline satisfaction levels with guidance materials issued in FY 1998 were as follows:

<u>Guidance Material</u>	<u>Satisfied/Very Satisfied</u>
Annual Statistical Profiles (Diversity Reports)	66.7%

- Evaluate the results of the annual Merit System Principles Questionnaire to determine if there has been at least a 2% improvement in perception of equity and merit base of agency staffing decisions over the FY 1999 results.

OPM STRATEGIC PLAN GOAL II:

**PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE
EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND
EVALUATION PROGRAM.**

FY 2000 RESOURCE SUMMARY: Obligations (000): \$6,532 Full-Time Equivalents: 47

- Ensure that delegated examining is conducted in accordance with merit system laws, regulations, and principles. (Continuing)

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ES Goal 14: **An effective program of support to agency Delegated Examining Units (DEU's) is maintained so that agency DEU's are continuing to operate according to merit system laws, regulations, and principles.**

To ensure that agencies are carrying out their delegated examining responsibilities in accordance with law and regulation, the Employment Service provides support to, and regularly recertifies, each operating Delegated Examining Unit (DEU) to ensure that agency DEU staff are fully trained. Now that three full years have passed since OPM provided full delegation of authority for examining to agencies, it is time to take an aggressive look at each of the DEU's, in conjunction with the Office of Merit Systems Oversight and Effectiveness, to ensure proper and effective operation. ES will begin this scrutiny in FY 1999 and continue it in FY 2000. **This is an ES priority initiative.**

Means:

- Work with agency representatives to ensure that the revised Delegation Examining Unit Handbook issued in FY 1998 is providing the assistance DEU's need; issue revisions to the Handbook as required.
- Develop and implement new, automated DEU training tools, including on-line assistance, to ensure the information that agency DEU staff need is available quickly and efficiently.
- Review frequency of regular on-site visits for DEU training and recertification (currently on a 3-year cycle), and increase if needed to assure quality operations.
- Review quarterly reports filed by agency DEU's (of workload, certificate use, and veterans preference activity) for indicators that more frequent (or immediate) recertification and training is required; review adequacy of existing indicators, develop and implement revised/additional DEU performance based outcome measures, as needed.
- Work with OPM's Office of Merit Systems Oversight and Effectiveness (OMSOE) to clarify what is expected of DEU operations when oversight reviews are conducted. (See OMSOE Goal 6)
- Review results of oversight reviews conducted by OMSOE to identify persistently identified problem areas.
- Work with OMSOE to create new methods for agencies to self-assess and enhance accountability in DEU operations.

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Indicators and Performance Results:

- Adherence to schedule for DEU training and recertification; revisions to schedule made if warranted by FY 1999 review. *In FY 1998 ES continued regular recertification of agency Delegated Examining Units (DEU's) and accomplished all scheduled recertifications.*
- Results of OPM oversight reviews indicate fewer findings of systemic problems are found in agency DEU's and improvements are noted. In FY 1998 the ES developed and implemented an automated system to flag and identify systemic problem areas. A summary report is distributed to Service Center Directors to assist them in their DEU training and certification visits. The report identifies problems in nine areas (public notice, application processing, minimum qualifications, veterans' preference, ranking/scoring, certification, agreement jurisdiction, privacy act, and RNO/gender issues) and actions taken or recommended. In the future, comparisons will be made of the numbers and types of problems included in these reports, to determine if improvements are noted.
- New tools will be introduced to support DEU's, and existing tools will be improved as needed.

In FY 1998, ES issued a revised DEU Handbook to assist DEU staff, and established "Examiner Notes" to clarify examining policy for our Service Center Directors. In FY 1999/2000, ES will continue to work with the Office of Merit Systems Oversight and Effectiveness to develop a strategy to increase agency accountability through use of self-assessment procedures.

- An increase in the level of agency HR Specialists' satisfaction with information sharing and technical assistance, as measured by informal feedback and by a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

The HR Specialists' baseline satisfaction levels with this component of the ES program as measured by the FY 1998 survey was as follows:

<u>Program Area</u>	<u>Information Sharing</u>	<u>Technical Assistance</u>
Delegated Examining Unit Assistance	79.8%	77.5%

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- Satisfaction levels at 80% or higher as measured by HR Specialists' ratings on specific guidance materials issued in FY 2000 as measured by the annual OPM Customer Satisfaction Survey.

The HR Specialists' baseline satisfaction levels with related guidance materials issued in FY 1998 was as follows:

Guidance Material
*Delegated Examining
Operations Handbook*

Satisfied/Very Satisfied
80.0%

OPM STRATEGIC PLAN GOAL III:

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS AND ENVIRONMENT OF THE 21ST CENTURY.

FY 2000 RESOURCE SUMMARY: Obligations (000): \$10,853 Full-Time Equivalents: 92

- Provide models, guidance, and technical assistance to promote agency use of existing personnel flexibilities and tools to help them achieve human resources management goals in support of their mission. (Continuing)
- By the year 2002, become the acknowledged leading source for effective, efficient technical assistance for a full range of flexible human resources management programs, as well as for those areas where uniform, Governmentwide systems are in place.

ES Goal 15: **Federal agencies receive timely, clear, accurate, and useful advice and assistance on existing employment policy flexibilities, tools, and models so that they can apply them to reaching their strategic objectives.**
FY 1999/2000

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Means:

- Identify and solve common problems and avoid duplication of effort by working cooperatively with consortia, agencies, and interagency groups, including the National Performance Review, the President's Management Council, the National Partnership Council, the Interagency Council on Administrative Management, the Interagency Advisory Group of Federal Human Resources Directors and its component Networks and Working Groups, the Human Resources Technology Council, Federal Executive Boards and Associations, and other more program-specific groups.
- Support a "one call does it all" policy with designated, accountable staff available anytime to troubleshoot for agency officials and staff.
- Use electronic media, including the Internet, to share with agencies the most current information about applicable laws, policy and program improvements, and innovative practices.
- Track where OPM has removed barriers but agencies have maintained internal barriers.
- Help agencies to apply the best HRM tools and practices available under law in order to hire, develop, and retain those who are most successful at accomplishing the agencies' missions.
- Establish improved procedures to ensure consistent guidance is given and hold both agencies and OPM staff accountable for clear communications.
- Evaluate existing and new human resources management practices and procedures and share findings.
- Provide human resources management leadership and maintain the visibility of expert staff through presentations and participation in professional associations, training events, workshops, conferences, and Federal Executive Boards and Associations, and by establishing and maintaining direct contacts within the human resource management community at all levels.
- Provide human resources management leadership and enhance visibility of expert staff through by preparing high-quality multi-media instructional materials, reports, and handbooks for agency use.
- Provide cutting-edge employment programs, policies, and operational solutions to agencies through holding an annual conference.

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- Monitor current and emerging issues, trends, and stakeholder interests and incorporate in presentations and materials.
- Strengthen relationships with state and local counterparts through attendance at national meetings of key associations and through Service Center Director contacts with local Government officials.

Indicators and Performance Results:

- Evaluate satisfaction with advisory services process through a qualitative analysis of direct feedback, including feedback posted on the OPM Web site. Qualitative analysis of direct feedback and complaints received from agencies indicates that agencies are more aware of existing policy flexibilities.
- Improved information tools are available for key initiatives.

In FY 1998, ES issued several easy-to-use policy reference tools to assist agencies and the public (e.g. CD-Rom "Career Transition- A Briefing and Resource Guide for Employees," "VetsInfo Guide"). Also in FY 1998, ES added the Title 5 Code of Federal Regulations to OPM's Internet web site.

- An increase in the level of agency HR Directors' satisfaction with 1) OPM's employment policy leadership and 2) their opportunity for involvement, as measured by informal feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

The HR Directors' baseline satisfaction levels with major components of the ES program, as measured by the FY 1998 survey were as follows:

<u>Program Area</u>	<u>Policy Leadership</u>	<u>Opportunity for Involvement</u>
Employment Information	83.7%	78.0%
Selection and Promotion	75.6%	75.0%
Workforce Restructuring	80.6%	75.0%
HR Systems Automation	54.3%	57.6%

- Evaluate whether standards for "one call does it all" have been met.
- Numbers and scope of requests received by staff to give presentations at external conferences, workshops, etc. *We will begin formal tracking of this information in FY 1999.*

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- Numbers of reports issued and/or workshops and other events held to share information on best practices with human resources community. *We will begin formal tracking of this information in FY 1999.*
- Successful participation in key national association meetings. *We will begin formal tracking of this information in FY 1999.*

In FY 1998 Employment Service participated in the following national conferences: IPMA, IPMAAC, ASPA, NASPE, SIOP, APA, ICACT, ICAP, & MTA.

- Successful annual staffing conference held.

In May, 1998, ES held its first conference for agency HR employment professionals, "Solutions '98." Ninety-eight percent of the 540 attendees who responded to this question on the post-conference questionnaire rated the conference as good or excellent. Based on this success, the conference will now become an annual event; the 2nd conference is scheduled for May 2-4, 1999.

- Increased requests for advisory assistance and information as measured by the number of "hits" in employment program areas of the OPM Web site.

ES Goal 16: Organizational assessment tools are available to agencies to improve Government performance, including customer service.

Federal Government agencies are increasingly aware of the need to assess organizational processes and customer service to assist in their efforts to improve Government performance, and ES is committed to assisting agencies with this effort.

Means:

- Develop and refine the Organizational Assessment Survey (OAS), an instrument to assess how well an organization's processes contribute to mission accomplishment, and make it available to agencies and other organizations.
- Develop customer service measurement instruments in response to agency and other organizational requests.

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- Develop data bases of results from organizations who have used the OAS and customer service instruments (while protecting confidentiality), to provide benchmarking information to user organizations.

Indicators and Performance Results:

- The Organizational Assessment Survey (OAS), developed by OPM, is used by agencies and other organizations to contribute to the measurement and improvement of Government performance.

In FY 1997/1998, ES established Performance America, a network of agencies interested in building high performance organizations. Member agencies are using the OAS, which was designed by OPM for this purpose, to gather Governmentwide data on organizational culture, in order to do internal benchmarking and external benchmarking with high performing private sector organizations. In FY 1998, Connecticut became the first State to join this network.

The National Partnership for Reinventing Government (NPR) is also using a survey developed by ES (primarily from items in the OAS), to assess the impact of reinvention, particularly improved customer service, in high impact Federal agencies. The survey was administered in FY 1998 and results reported in FY 1999. The survey will be repeated in future years to assess change.

- The customer service measurement tools are used by agencies and other organizations to contribute to improved Government customer service.

In FY 1998 ES assisted several agencies, including OPM, with the development of specific customer satisfaction surveys.

ES Goal 17: OPM websites and other communication improvements are in place so that agencies are well-informed of changes in Employment Service policies and programs.

Agency feedback received at the Employment Service " Solutions '98" Conference made it clear that OPM needed to take additional steps to improve communications of policies and programs. Improvements are needed both in the direct delivery of information from OPM to agencies, and in the facilitation of information sharing within agencies.

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Means:

- Issue an annual report that includes information on ES policies and programs.
- Develop and implement improved procedures to ensure that all policy offices maximize the use of automation to communicate.
- Foster better communication among staff for increased consistency in policy guidance.
- Explore additional uses of the Internet to deliver more information to agencies.
- Expand and maximize use of OPM website to communicate ES policies and programs.
- Develop and make available a basic library of electronic interactive media on ES policies and programs.
- Create a simple directory (ES-OPM) for the public and agencies on how to obtain information on the Internet regarding ES policies and programs.
- Develop special section on website to communicate information regarding diversity and minority issues.
- Develop and implement improved procedures for communicating to FEBs and FEAs.
- Minimize reliance on using paper as a form of communication.
- Work with agency groups to identify strategies that will facilitate better information sharing within agencies.

Indicators and Performance Results:

- New communication methods will be introduced and current processes improved.
- An increase in the level of agency HR Directors' and HR Specialists' satisfaction with the methods used for communication of policy and other information, as measured by informal feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

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The baseline satisfaction levels as measured by the FY 1998 Customer Satisfaction Survey were as follows:

How easy is it for you to pass on OPM information to employees and managers in your organization?

	<u>HR Directors</u>	<u>HR Specialists</u>
Difficult/Very Difficult	16.3%	08.7%
Neither easy nor difficult	23.3%	30.3%
Easy/Very Easy	60.5%	61.0%

How useful are OPM briefings, forums, workshops, and satellite broadcasts as a means of sharing information?

	<u>HR Directors</u>	<u>HR Specialists</u>
Not Useful	04.9%	04.7%
Somewhat useful	56.1%	47.5%
Very useful	39.0%	47.8%

Have you ever visited the OPM Web site at <http://www.opm.gov>?

	<u>HR Specialists</u>
Yes	83.1%
No, not aware of the Web page	05.2%
No, I do not have Web access	04.3%
No, I do not use the Web	07.4%

How useful have these Web sites been to you?

	<u>HR Specialists</u>
Not useful	01.4%
Somewhat useful	37.2%
Very user friendly	61.5%

To what extent do you find these Web sites to be user friendly?

	<u>HR Specialists</u>
Not user friendly	02.3%
Somewhat user friendly	45.3%
Very user friendly	52.4%

- The number of visits to the ES Web site will increase by 5% over FY 1999.

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- Help agencies design, implement, manage, and evaluate personnel demonstration projects, as well as other alternative personnel approaches, such as those envisioned for performance-based organizations. (Continuing)

ES Goal 18: Agency demonstration projects and other alternative personnel approaches address employment issues effectively.

Means:

- Work cooperatively with OPM's Office of Merit Systems Oversight and Effectiveness (OMSOE) to review and identify employment issues with regard to Demonstration Project proposals and other proposals for alternative personnel approaches (such as Performance Based Organizations), and assess the soundness of proposed alternatives. When appropriate, provide options for improvement.
- Share with agencies the "lessons learned" from earlier demonstration projects and alternative personnel systems which included employment innovations.

Indicators and Performance Results:

- Positive comments and feedback provided informally and/or through customer satisfaction surveys.

In FY 1998, ES staff worked on two of the five workgroups established by the Dept. of Defense (DOD) to develop a DOD alternative personnel system under Title 5. The success of this interaction is demonstrated by the inclusion of many of the concepts developed in these workgroups in the HRM '98 Initiatives Framework. The ES also assists agencies to evaluate their personnel demonstration projects through reimbursable projects. Evaluations are underway for the DOD research laboratories and for the DOD acquisition workforce project. ES also assisted the U. S. Mint, the D. C. Government, and the Defense Finance Accounting Service to design alternative personnel approaches dealing with career banding for career development and management.

- Increased number of successful demonstration projects result in legislative and regulatory changes allowing greater flexibility in agency HR practices.

VERIFICATION AND VALIDATION

The measures used in this FY 2000 Annual Performance Plan for the Employment Service are a mix of measures that are already in place, or will be introduced in FY 1999.

The support for the measures included in this Plan is described below:

- ES will use accepted professional survey design, sampling techniques, and analysis procedures for internally developed customer satisfaction surveys, to ensure reliability and validity.
- ES will use accepted qualitative analyses techniques to assess direct feedback, participant evaluation forms, and focus group results, to ensure objectivity.
- ES will use data from Governmentwide surveys such as OPM's Merit System Principles Questionnaire, and from surveys conducted by external organizations such as the Merit Systems Protection Board, the General Accounting Office, and the National Partnership for Reinventing Government, which have met professional standards for validity and reliability.
- ES will evaluate qualitative analyses of feedback against survey data to determine if the findings from the two assessment methods are consistent, and will follow up discrepancies with additional research, to include focus groups, telephone interviews, or on-site visits on specific issues.
- ES will use results from OPM oversight reviews which have been conducted following accepted professional evaluation practices.
- ES will use accepted professional accounting and tracking software to measure cost savings and improvements in quality and efficiency, and assess accuracy of data through quality control reviews.
- ES will use accepted web page "counter" software and systems to measure "hits."
- ES will use appropriate, valid and reliable external data sources to collect and track comparison personnel data (such as the Central Personnel Data File).

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FY 2000 BUDGET CHANGES:

An increase of \$2,000,000 is requested to conduct an outreach program with high schools, colleges and universities and to develop strategies to recruit and train students for information technology occupations in the Federal Government.

SALARIES AND EXPENSES/GENERAL FUND APPROPRIATION

WORKFORCE COMPENSATION AND PERFORMANCE SERVICE

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$6,361	\$7,659	\$7,659	---
Full-Time Equivalents	63	74	74	---

DESCRIPTION OF ACTIVITY

Workforce Compensation and Performance Service (WCPS) encourages innovative thinking and long-range planning about the forms, delivery, and cost management of both direct and indirect compensation for Federal employees in the 21st century; and promotes results-oriented performance management and recognition in support of reinvention, the Results Act, and performance-oriented organizations.

WCPS comprises the programs responsible for performance management and incentive awards, classification, compensation strategic planning and policy, and pay and leave administration. It includes a new Total Compensation Policy Center, which links the systems for classification, compensation, and performance management with the Government's management systems, with the objective that the Government's investments in people and in their compensation work together for performance and results. For administrative purposes, WCPS also includes the Federal Prevailing Rate Advisory Committee.

In order to meet these responsibilities, WCPS recruits highly-experienced human resource specialists and managers from other Federal agencies who have hands-on experience in supervising and operating performance management, classification, and compensation programs. As needed, it hires contractors who are applications experts to upgrade or replace automated systems. All existing automated systems are being upgraded to the new agency standards for Y2K-compliant applications, and employees are being trained in-house in the new standards and applications. Major projects are controlled and monitored with an automated project tracking system, and required core competencies for each employee have been identified.

FY 2000 Priorities

The Workforce Compensation and Performance Service has identified three priorities for FY 2000.

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The first, total compensation design (WCPS Goal 2), will establish a new performance-oriented system for determining the value of work, setting and adjusting basic pay, and ensuring appropriate earned benefits for all Federal employees in a highly flexible structure to adjust to rapidly changing mission needs, technologies, and labor markets so that total costs are readily apparent and the Federal government is a market-competitive employer;

The second is the continued development of job classification family standards (WCPS Goal 7), which, in compliance with Partnership for Reinventing Government initiatives, will reduce the total number of job classification standards, increase flexibilities, and decrease the number of classification appeals; and,

The third priority is the administration of current compensation systems (WCPS Goal 3), including the General Schedule and related pay systems, the Federal Wage System, and the Nonforeign Area Cost-of-Living Allowance Program, so that Federal employees continue to be paid in an efficient, accurate, and timely manner.

**ANNUAL PERFORMANCE GOALS FOR FY 2000
BY STRATEGIC PLAN GOAL AND OBJECTIVE**

OPM STRATEGIC PLAN GOAL I:

***PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE
FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.***

FY 2000 RESOURCE SUMMARY: Obligations (000): \$7,154 Full-Time Equivalents: 68

OVERALL HUMAN RESOURCES MANAGEMENT

- By the year 2000, examine all significant Governmentwide human resources management policies and programs to identify changes needed to promote a merit-based and cost-effective Federal service and the optimum balance of Governmentwide uniformity and agency-specific flexibility across those policies and programs.
- By the year 2002, propose and implement clear, effective policies and programs wherever a need for change was identified in the Year 2000 review.

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WCPS Goal 1: By the end of FY 2000, needed changes in all significant OPM program policies are identified and changes are introduced so that Federal agencies are better equipped to respond to changing human resources and agency needs in the 21st century.

Means:

- WCPS organized its review of policies and programs by establishing a 3-year review of major policy areas. In FY 2000, all areas will have been reviewed and changes needed to promote a merit-based and cost effective Federal service identified. Policies scheduled for review each year include the following:
FY 1998: General Schedule pay-setting and basic pay administration;
FY 1999: allowances, differentials, premium pay, and hours of duty;
FY 2000: Federal Wage System administration and all leave programs.
- Necessary changes in law or regulation to promote a merit-based and cost-effective Federal service are developed based on the results of the second year (FY 1999) of the 3-year comprehensive review of compensation, position classification, and performance management policies and programs.
- Issue a *Federal Register* notice or other document indicating OPM's intent to conduct a review of selected Governmentwide compensation, position classification, and performance management policies and programs; seek comments on specific policies and programs in an effort to identify possible legislative and regulatory changes; distribute copies widely through electronic means.
- Seek involvement of existing stakeholder groups, such as the President's Management Council (as appropriate) and the Planning Committee and Compensation Network of the Interagency Advisory Group, in identifying needed changes.
- Issue a report to the Director of OPM on the results of each phase of the review, including changes identified by stakeholders.
- In consultation with existing stakeholder groups, reach agreement with key stakeholders on changes needed in specific General Schedule pay-setting and basic pay administration policies and programs.
- Publicize consensus reached among stakeholders through electronic and other means.
- Develop specific legislative and regulatory proposals to carry out agreements reached.

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Indicators/Performance Results:

- An increase in the level of agency HR Directors' satisfaction with OPM's compensation, position classification, and performance management policy leadership, as measured by informal customer feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey. *The baseline level of satisfaction as measured by the 1998 OPM Customer Survey was as follows:*

<u>Program Area</u>	<u>Policy Leadership</u>
Pay and leave administration	78%
Nonforeign area Cost-of-Living Allowances (COLA)	54%
Federal Wage System (FWS)	67%
Position Classification and Position Management	58%
Performance Management	85%

- A report to the Director is issued on each phase of the scheduled policy review.

Key results of the FY 1998 policy and program review were as follows:

WCPS discussed with stakeholders the need for greater flexibility in administering the General Schedule (GS) pay system. A general consensus was reached that one way to accomplish this goal would be to authorize Federal agencies to establish broadbanding systems covering GS positions. Within broadbanding systems, agencies would be permitted to establish their own policies governing such matters as (1) how pay is set or administered upon initial appointment or change of position or type of appointment, (2) how general pay increases are granted to individual employees, and (3) how individual employees progress through the pay range.

Other ideas for changing GS pay-setting and basic pay administration policies and practices that developed out of OPM's FY 1998 review include (1) proposals to make recruitment and relocation bonuses and retention allowances more flexible (resulting in the issuance of interim regulations in June 1998) and (2) a legislative proposal to address pay anomalies relating to the interaction of special rates and locality pay (transmitted to Congress in July 1998).

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WCPS also developed a legislative proposal in FY 1998 to simplify the way Federal firefighters are paid. This legislation was enacted by Congress and signed by the President on October 21, 1998.

In FY 1999, WCPS will continue to consult with stakeholders to develop a proposal to give Federal agencies greater pay-setting and basic pay administration flexibility through broadbanding. We will expand our review to include allowances, differentials, premium pay, and hours of work policies, and we will improve our rate of positive responses in the agency customer satisfaction survey.

- An increase in the level of agency HR Directors' satisfaction with their opportunity for involvement with the compensation, position classification, and performance management policy making process, as measured by informal customer feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

The baseline level of satisfaction as measured by the 1998 OPM Customer Survey was as follows:

<u>Program Area</u>	<u>Agency Involvement</u>
Pay and leave administration	68%
Nonforeign area Cost-of-Living Allowances (COLA)	52%
Federal Wage System	58%
Position Classification and Position Management	63%
Performance Management	88%

- Specific legislative and regulatory proposals which reflect broad consensus among stakeholders are developed.

Since FY 1998 was the first year of WCPS' 3-year review of compensation policies and programs, we did not identify a comprehensive package of changes to be made in FY 1998 as a result of that review. However, some proposals were developed during FY 1998, including more flexible retention allowance provisions and legislative changes designed to improve the interrelationship between special salary rates and locality pay.

In FY 1999, WCPS will work with Congress to develop solutions to existing concerns dealing with locality pay and special salary rate anomalies.

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In FY 1999, OPM will develop proposals to encourage greater pay-setting flexibilities through broadbanding.

COMPENSATION, CLASSIFICATION, AND BENEFITS

- By the year 2002, propose legislative changes to achieve a modernized performance-oriented system of total compensation including establishing the value of jobs/work/performance; setting and adjusting basic pay; designing and delivering variable pay; and establishing and ensuring appropriate earned benefits — that can adapt to a variety of missions, structures, labor markets, and work technologies and can keep total costs apparent to managers who are held accountable for managing those costs.

WCPS Goal 2: Options for performance-oriented approaches to total compensation in the Federal government are formulated and vetted among stakeholders so that consensus legislative proposals can be drafted and forwarded for action.

Means:

- Conduct comprehensive research on best practices in compensation systems, techniques, and practices to find compensation tools that can be utilized within the Federal government, through review of academic and professional literature, and attending conferences and symposia.
- Thoroughly canvass all Federal stakeholders to understand the range of views on compensation issues and to determine which elements of the current structure are identified as needing change through such means as surveys and focus groups.
- Conduct a Total Compensation Conference, incorporating pay, position classification, and performance management themes and utilizing panels of Federal stakeholders and compensation experts in order to summarize the findings for a wider audience.

Indicators/Performance Results:

- OPM develops and disseminates a comprehensive picture of state-of-the-art compensation practices.

In FY 1998, established the Total Compensation Policy Center (TCPC) to carry out OPM's strategic goal of developing legislation by:

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- *researching current practices and innovations in pay, benefits and other forms of compensation in the Federal government, state and local governments, the private sector and foreign governments;*
 - *gathering views throughout the Federal government about changes in compensation practices that would help us recruit and retain the high quality workforce necessary to meet the challenges of the future; and*
 - *working with stakeholders throughout the Federal government to fashion comprehensive proposals for a comprehensive system that ensures equity while providing organizations the tools necessary to meet future challenges.*
- Federal stakeholders indicate their satisfaction with the opportunity to express views and opinions to OPM on its total compensation efforts.
- In FY 1998, began process of disseminating to Federal stakeholders information about the TCPC program by speaking at Governmentwide forums.*
- The Total Compensation Conference is shown by end-of-conference surveys to have satisfied participants' expectations for the level and type of information provided to help them understand developing issues in Federal compensation.

In FY 1999, we plan to conduct the first Total Compensation Conference, so baseline data does not yet exist.

COMPENSATION, CLASSIFICATION, AND BENEFITS • Carry out the tasks required to ensure cost-effective implementation of existing and newly-enacted pay and leave provisions. (Continuing)
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**WCPS Goal 3:
FY 1999/ FY 2000**

Compensation systems under current law are administered efficiently, accurately and in a timely manner. These include: (1) the pay-setting process for General Schedule (GS) and related pay systems; (2) the Federal Wage System (FWS); and, (3) the Nonforeign Area Cost-of-Living Allowance (COLA) Program.

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Means:

- Maintain and/or modify, as necessary, a methodology for comparing GS and non-Federal salaries in designated locality pay areas.
- Provide staff support to the Federal Salary Council, OMB, and the President's Pay Agent, as appropriate, for decisions on (a) the ECI-based pay adjustment, (b) locality payments for GS and other employees, and (c) SES pay rates.
- Prepare an annual report of the President's Pay Agent on locality payments.
- Issue salary tables and other explanatory materials to assist agencies in implementing pay adjustments.
- Provide Governmentwide leadership and staff support for FWS labor-management partnership activities, primarily through the Federal Prevailing Rate Advisory Committee.
- Conduct a continuing program of maintenance and improvement regarding FWS pay policies and programs, including a targeted review of FWS local wage area boundaries.
- Conduct living-cost surveys in nonforeign allowance areas and Washington, DC, through involvement of affected agencies and employee groups in the COLA Partnership Pilot Project. Implement new COLA rates, as needed.

Indicators/Performance Results:

- All actions necessary to make new pay schedules effective are accomplished within statutory deadlines, and agencies are provided with sufficient information to implement new pay schedules on a timely basis.

In FY 1998, WCPS provided cost and other analyses needed for the Administration to plan for the 1999 Federal pay raises. Issued January 1998 salary tables which implemented changes in General Schedule pay and locality increases. This work will continue in FY 1999 and FY 2000.

- The annual report by the President's Pay Agent is issued in a complete and timely manner.

Modified and updated computer programs needed to calculate pay gaps for the 1998 report of the President's Pay Agent on locality pay. Produced the 1998 annual report of the President's Pay Agent. This work will continue in FY 1999 and FY 2000.

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WCPS reviewed numerous requests for adding additional locality pay areas or modifying the definitions of existing locality pay areas.

- Through comments and feedback provided informally and/or through the OPM Customer Satisfaction Survey, relevant Federal agencies, unions, and employee groups express satisfaction with OPM's efforts to: provide leadership for FWS administration and involve them in administering the COLA program.

The 1998 OPM Customer Satisfaction Survey showed a 67 % satisfaction rate with policy leadership for FWS administration and 52 percent satisfaction with agency involvement in administering the COLA program. Only 5% expressed dissatisfaction with agency involvement in administering the COLA program.

- Maintain the level of satisfaction of HR Specialists with regard to the pay tables guidance materials.

The FY 1998 OPM Customer Satisfaction Survey showed a 92% satisfaction level with these materials.

- An increase in the level of HR Specialists' satisfaction with OPM's information sharing and technical assistance about pay issues as measured by informal customer feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

The baseline level of satisfaction as measured by the 1998 OPM Customer Survey was as follows:

<u>Program Area</u>	<u>Information Sharing</u>	<u>Technical Assistance</u>
Annual pay adjustment process	89%	83%
Federal Wage System	80%	77%
Nonforeign Area COLA	76%	74%

WCPS Goal 4: In order to ensure a cost-effective Federal service, a collaborative review of the COLA (Cost-of-Living Allowance) program and other compensation issues affecting employees in the COLA areas is carried out in preparation for a report to Congress.

FY 1999/FY 2000

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Means:

- Work with COLA plaintiffs, their attorneys, and the Department of Justice to conduct joint research under the terms of a court-approved Memorandum of Understanding and arrive at common principles for administering and/or reforming the program in the future.
- Oversee and/or conduct independent research in preparation for OPM's report to Congress.

Indicators/Performance Results:

- On the basis of joint and independent research efforts and appropriate discussions with key stakeholders, OPM reaches agreement with COLA plaintiffs on common principles and/or clearly articulates its rationale for areas of disagreement.

In FY 1998, continued to work on research for the COLA program in Safe Harbor Working Group meetings with the COLA plaintiffs and their representatives.

- Report submitted to Congress on the status of the COLA program as required by.
- An increase in the level of agency HR Directors' satisfaction with 1) OPM's policy leadership and 2) their opportunity for involvement, as measured by informal customer feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

The HR Directors' baseline satisfaction levels as measured by the 1998 OPM Customer Survey were as follows:

<u>Program Area</u>	<u>Policy Leadership</u>	<u>Agency Involvement</u>
Nonforeign area Cost-of-Living Allowances (COLA)	54%	52%

WCPS Goal 5: Policies and programs for Governmentwide pay, leave, and hours of work under current law are administered in an effective and timely manner in order to ensure a cost-effective Federal service.

FY 1999/FY 2000

Means:

- Maintain and interpret Governmentwide regulations on the administration of pay, leave, and hours of work for Federal employees and develop appropriate regulatory proposals in

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response to changes in law, OPM staff analyses, or requests from Federal agencies, as needed.

- Conduct and implement the results of OPM's annual review of special rates for white-collar employees and respond to requests for new or modified special rates.
- Monitor title 38 delegation agreements on special pay authorities for health care workers and facilitate agreement among agencies on use of delegated authorities.

Indicators/Performance Results:

- An increase in the level of HR Specialists' satisfaction with OPM's information sharing about pay and leave issues as measured by informal customer feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

The HR Specialists' baseline satisfaction levels, as measured by the 1998 OPM Customer Survey was as follows:

<u>Program Area</u>	<u>Information Sharing</u>
Pay Administration	85%
Leave Administration	87%
Premium Pay and Hours of Work	80%

- Regulations and policy guidance on pay, leave and hours of work issued as needed.

In FY 1998 WCPS issued proposed regulations at the request of the Smithsonian Institution to provide a new category of hazardous duty pay.

WCPS conducted annual review of special salary rate system in FY 1998. Replaced DOS-based automated system with a new system created in Microsoft Access for Windows 95/NT which is Year 2000 compatible.

WCPS issued a memorandum for heads of executive departments and agencies in FY 1998 transmitting the President's memorandum, entitled "Assistance for Federal Employees Affected by the Bombings at U.S. Embassies in Kenya and Tanzania." It provided agencies with information on the various human resource programs and benefits that are available to employees in the aftermath of the tragedy and guidance on the newly established emergency leave transfer program.

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In FY 1998 WCPS issued a memorandum for heads of executive departments and agencies transmitting the President's memorandum, entitled "Strengthening Our Commitment to Service." It provided guidance on flexibilities that may be used for granting Federal employees time off to participate in volunteer activities.

COMPENSATION, CLASSIFICATION, AND BENEFITS

- By the year 2002, simplify and automate the current General Schedule position classification system, reducing the number of position classification standards from more than 400 to fewer than 100.

WCPS Goal 6: Agencies are equipped with a further simplified General Schedule classification system that contains fewer than 225 classification standards. Agencies are equipped with a Federal Wage System that is updated and maintained to reflect agency work practices.

Means:

- Continue development of job family standards in collaboration with agency HR managers and the IAG Position Classification Network. This activity began in FY 1997 and will be completed at the end of FY 2002.
- Determine the sequence in which standards will be developed based on such factors as significant changes in the nature of the occupation, size of Federal employee population and agency requests.

Indicators/Performance Results:

- By the end of FY 2000, approximately 150 single series standards have been eliminated from the classification system. This is 56 percent of the FY 2002 goal, a reduction at least 267 single series from the FY 1997 baseline.

Number of Classification Standards

FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
366	346	320	216	155	99

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In FY 1998, issued final job grading standard for Machinist, 3414 and Hazardous Material Handling, 6913. Reduced the number of General Schedule classification standards by 24 through the issuance of two job family standards. Conducted job family standards workshops in Denver, San Francisco, Atlanta, Dallas, and Ocean City.

In FY 1999, will issue final job grading standard for Aircraft Mechanic, 8852, draft and final job grading standards for Composite and Plastic Fabricator, 4352 and Aircraft Engine Mechanic, 8602.

In FY 1999, will issue draft position classification standard for Administrative Investigation Work.

WCPS Goal 7: Leadership of the multi-year effort to develop job family standards to evaluate General Schedule positions that comply with title 5 U.S.C. and the Partnership for Reinventing Government initiatives is continued.

Means:

- Develop job family standards criteria that address work of all similar series into a single document.
- Monitor and assist in the implementation of standards across agencies.
- Meet with the Position Classification Network of the Interagency Advisory Group (IAG) and other stakeholders to discuss concerns and any unanticipated problems.

Indicators/Performance Results:

- Number of job family standards developed.

In FY 1998, the GS-0900 Technical Legal and Kindred Work job family standard was submitted to agencies for comment. WCPS issued final job family standards for GS-1300 Professional, GS-0500 Clerical and Technical, GS-0500 Professional, GS-0200 Clerical, and GS-0900 Clerical and Technical families. In addition, extensive fact finding for 13 ongoing job family standards studies was conducted.

In FY 1999, WCPS will issue six additional job family standards and initiate four additional job family standards studies.

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In FY 2000, WCPS will issue seven additional job family standards and initiate five additional job family standards studies.

- Positive feedback from IAG Position Classification Network, Internet Forums, conferences, and the website questionnaire indicate that HR community/managers are familiar with and understand new/simplified approach.
- Positive feedback on draft standards application as expressed in the OPM Customer Satisfaction Survey, and fewer appeals indicate that classification standards have improved.
- Satisfaction levels at 80% or higher as measured by HR Specialists' ratings on specific guidance materials issued in FY 2000 as measured by the annual OPM Customer Satisfaction Survey are achieved. *The HR Specialists' baseline satisfaction levels with guidance materials issued in FY 1998 were as follows:*

<u>Guidance Material</u>	<u>Satisfied/Very Satisfied</u>
GS-0500 Clerical and Technical Job Family Standards	76%
GS-1300 Professional Job Family Standards	81%

WCPS Goal 8: Agency managers are receiving easy-to-use classification and position management program guidance that facilitates delayering and streamlining their organizations.
FY 1999/FY 2000

Means:

- Evaluate the initial impact of the Leader Grade (LG) Evaluation Guide implementation through the OPM Customer Satisfaction Survey and feedback from agency specialists participating in the IAG Classification Forum on agency delayering programs, and effect whatever revisions/changes are deemed necessary to facilitate optimum utility of the Guide.
- Explore with stakeholders the need to revise the General Schedule Supervisory Grade Evaluation Guide (GSSG) as needed to coordinate with the LG Evaluation Guide in assisting agency delayering programs and create more position classification flexibility.

Indicators/Performance Results:

- Comments and feedback provided through customer surveys of the IAG Network on Position Classification representatives indicate satisfaction with the Guide in their agencies.

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- Classification and position management program guidance is issued, as necessary.

In FY 1998, WCPS issued the final General Schedule Leader Grade Evaluation Guide and revised the General Schedule Supervisory Grade Evaluation Guide. In addition, a successful 1998 OPM Position Classification Symposium was held.

- Issuance of two enhanced HRCD-ROMs each year with current salary tables and other automated improvements.

In FY 1998, WCPS issued two updates to the HRCD-ROM.

- An increase in the level of agency HR Directors' satisfaction with 1) OPM's policy leadership and 2) their opportunity for involvement, as measured by informal customer feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

The HR Directors' baseline satisfaction levels as measured by the 1998 OPM Customer Survey were as follows:

<u>Program Area</u>	<u>Policy Leadership</u>	<u>Agency Involvement</u>
<i>Position Classification and Position Management</i>	58%	63%

- An increase in the level of HR Specialists' satisfaction with OPM's information sharing about position classification and position management as measured by informal customer feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

The HR Specialists' baseline satisfaction level, as measured by the 1998 OPM Customer Survey were as follows:

<u>Program Area</u>	<u>Information Sharing</u>
<i>Position classification and position management</i>	77%

- Satisfaction levels at 80% or higher as measured by HR Specialists' ratings on specific guidance materials issued in FY 2000 as measured by the annual OPM Customer Satisfaction Survey.

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The HR Specialists' baseline satisfaction levels with guidance materials issued in FY 1998 were as follows:

<u><i>Guidance Material</i></u>	<u><i>Satisfied/Very Satisfied</i></u>
<i>HRCD-ROM</i>	76%
<i>General Schedule Leader</i>	
<i>Grade Evaluation Guide</i>	81%

COMPENSATION, CLASSIFICATION, AND BENEFITS

- By the year 1999, work with stakeholders to formulate a consensus regarding a credible annual pay adjustment process for the General Schedule and related pay systems.

WCPS Goal 9: Pending major reform of the Federal compensation system, a proposal for a credible annual pay adjustment process for the General Schedule and related pay systems is developed.

Means:

- Hold informal discussions between work group members, leading non-Federal compensation experts, and representatives of private sector data providers on the factors considered by major non-Federal employers in making pay adjustments and the sources of data (salary surveys, etc.) used in making such decisions.
- Reach consensus on short-term and/or long-term changes in the annual pay adjustment process and develop appropriate legislative proposals to accomplish these changes.

Indicators/Performance Results:

- Stakeholders indicate through the OPM customer satisfaction survey that their interests and views are reflected in proposals to implement the consensus reached on short-term and /or long-term changes. (No baseline data is available for FY 1998.)
- A proposal for a revised annual pay adjustment process is developed and disseminated to stakeholders.

Analyzed additional National Compensation Surveys conducted by the Bureau of Labor Statistics. This work will continue in FY 1999 for FY 2000 Federal pay raises.

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In FY 1998 WCPS worked with the Federal Salary Council and the President's Pay Agent staff to reach agreement on the need to revise/improve the salary survey process. During FY 1999 work will focus on the development of a plan for improving the salary survey process for FY 2000.

In FY 1999, WCPS will work with stakeholders to develop options for changing the annual pay adjustment process pending major reform of the system and prepare a report to Congress on problems with the current annual pay adjustment process.

PERFORMANCE MANAGEMENT AND EMPLOYEE DEVELOPMENT

- Promote performance improvements by maintaining a flexible, decentralized policy framework for appraisal, awards, and human resource development within which agencies can establish results-oriented and merit-based programs for planning, measuring, developing, and rewarding employee performance at the individual, group, and organizational level that by 2002 are tailored to agency mission, structure, culture, workforce, and work technology. (Continuing)
- Promote credible, effective programs that provide monetary and nonmonetary incentives and recognition for individual, group, and organizational achievements. (Continuing)

WCPS Goal 10: **The Governmentwide policy framework is up-to-date and
FY 1999/FY 2000 accommodates cutting-edge proposals so that agencies can enhance
 individual and organizational performance and ensure individual
 accountability.**

Means:

- Issue regulations, interpretations, and guidance on appraisal and awards issues that maintain agency authority to develop and administer appraisal and awards programs tailored to agency mission, workforce, and culture.
- Provide policy interpretation, guidance and assistance through distribution of newsletters and reports, timely responses to customer inquiries, and effective support of Administration initiatives.

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Indicators/Performance Results:

- Performance management regulations include all the necessary adaptive changes required by: changes in the laws affecting performance management; changes in OPM's and the Administrations's performance management policy interpretation; and changes in regulations made by other human resources program areas.
- Performance management regulations have clearly defined, broad parameters and provide maximum flexibility, so that agencies understand they can do most of what they want to do under current performance management regulations without needing to request demonstration authority.

In FY 1998, WCPS issued guidance on new regulations dealing with use of performance ratings in calculating service credit in reductions-in-force, issued Questions and Answers on Performance Management and conducted a workshop on "Understanding Awards and Using Them Well." In addition, using an interagency work group representing diverse interests, WCPS developed recommendations for streamlining the collection of awards data.

In FY 1999, WCPS will issue the following handbooks:

Understanding Awards and Using Them Well, which emphasizes good, basic information about the various types of employee awards and how they can be used.

Measuring Employee Performance, which emphasizes development of employee performance plans that support accomplishment of organizational goals.

During FY 1999 an overview paper on group incentives will be prepared.

WCPS Goal 11: FY 1999/FY 2000	Agencies are provided assistance and advice in developing employee performance management systems that meet the requirements of the Government Results and Performance Act and are used to support and reward accomplishment of agency strategic goals.
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Means:

- Assist in conducting the FY 2000 Total Compensation Conference and distribute guidance materials to share best practice experience and discuss emerging issues and trends, with particular emphasis on using all processes of employee performance management to improve individual and organizational performance.

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- Provide policy interpretation, guidance and assistance through distribution of newsletters and reports, timely responses to customer inquiries, and effective support of Administration initiatives.

Indicators/Performance Results:

- An increase in the level of HR Specialists' satisfaction with OPM's information sharing about performance appraisal and incentive awards policies as measured by informal customer feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey. *The HR Specialists' baseline satisfaction levels, as measured by the 1998 OPM Customer Satisfaction Survey were as follows:*

<u>Program Area</u>	<u>Information Sharing</u>
Performance Appraisal	73%
Incentive Awards	74%

- End-of-conference surveys indicate that there is a perception of appropriate balance of technical guidance and program innovations.

Successfully conducted the 1998 Performance Management Conference and distributed guidance materials to over 300 human resource managers. In FY 1999, develop performance management-related program segments for the Total Compensation Conference.

The 1998 Performance Management Conference received an overall evaluation of 4.4 on a five-point scale in the end-of-conference survey of 106 participants. Eighty percent said that the conference met their needs, and 92 percent said that the presentation materials were useful.

- Performance management products address features and explain the five fundamental processes of performance management (planning, monitoring, developing, rating, and rewarding performance).

In FY 1998, WCPS issued Questions and Answers about Performance Management and Performance Appraisal for Teams.

In FY 1999, issue overview papers on evaluating appraisal programs and "Performance Appraisals for Teams."

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- Agencies are satisfied with the advice WCPS provides on employee and group performance issues, including aligning performance elements in employee performance plans with organizational goals, providing feedback to employees on individual and group performance against established goals, analyzing employee training and development needs and providing training and development opportunities that support the needs of the organization, rating employee performance against established elements and standards, and rewarding individuals and groups who achieve individual and organizational goals. This is demonstrated by the response to a question on the 2000 OPM Customer Satisfaction Survey...

In FY 1998, conducted 8 successful one-day interactive workshops on developing employee performance plans to support accomplishment of organizational goals. Post-workshop customer surveys indicated that at each workshop at least 75 percent of participants rated the overall presentation at least a four on a five point scale.

In FY 1999, issue a handbook, "Measuring Employee Performance," which emphasizes the development of employee performance plans that support the accomplishment of organizational goals.

OPM STRATEGIC PLAN GOAL III:

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS AND ENVIRONMENT OF THE 21ST CENTURY.

FY 2000 RESOURCE SUMMARY: Obligations (000): \$505 Full-Time Equivalents: 6

- Provide models, guidance, and technical assistance to promote agency use of existing personnel flexibilities and tools to help them achieve human resources management goals in support of their mission. (Continuing)
- By the year 2002, become the acknowledged leading source for effective, efficient technical assistance for a full range of flexible human resources management programs, as well as for those areas where uniform, Governmentwide systems are in place.

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WCPS Goal 12: Federal agencies receive timely, clear, accurate, and useful advice
FY 1999/FY 2000 and assistance on classification, compensation, and performance management that keeps them better informed about appropriate system flexibilities and ways in which they can be used to support accomplishment of agency strategic goals.

Means:

- Establish standard procedures to enhance distribution of program materials using electronic media.
- Disseminate the latest information on pay and leave, classification, and performance management through electronic communication, meetings of appropriate IAG Networks, and consultation with individual agency representatives.
- Conduct a feasibility study of using the Internet to collect and share appraisal and award program techniques and practices.
- Use customer feedback and needs analysis to identify areas where models and guidance are needed.
- Seek involvement of existing stakeholder groups, such as the President's Management Council (as appropriate) and appropriate IAG Networks, in identifying needed material.

Indicators/Performance Results:

- Increase in the level of HR Specialists' satisfaction with OPM's technical assistance about compensation, position classification, and performance management issues as measured by informal customer feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

The HR Specialists' baseline satisfaction levels, as measured by the 1998 OPM Customer Survey were as follows:

<i>Program Area</i>	<i><u>Technical Assistance</u></i>
<i>Position classification and position management</i>	<i>70%</i>
<i>Annual pay adjustment</i>	<i>83%</i>

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<u>Program Area</u>	<u>Technical Assistance</u>
Pay administration	81%
Leave Administration	83%
Premium pay and hours of work	78%
COLA administration	74%
Federal wage system	77%
Performance appraisal	71%
Incentive awards	72%

- Increased number of requests for consultation demonstrates overall satisfaction with the quality of services provided.

In FY 1998, WCPS provided the following:

Written position classification advisory opinions to Department of Veterans Affairs and Department of Defense. Will provide written position classification advisory opinions to Department of Agriculture and the Government Printing Office in FY 1999.

Technical assistance to the Immigration and Naturalization Service to help them prepare their draft legislative proposals to replace AUO pay for immigration officers with a new form of annual premium pay for regularly scheduled overtime work and to reform the existing premium pay law for immigration inspectors.

Guidance to the Bureau of the Census regarding overtime pay obligations and calculations when Federal employees have dual employment in the same agency or in two different agencies.

- Post-workshop customer surveys indicate overall satisfaction with leave workshop presentations.

During FY 1998, conducted four workshops on "Federal Leave Programs -- Putting the Pieces Together." These workshops provided guidance and active discussions on the interaction of the Family and Medical Leave Act of 1993; sick leave for family care, bereavement, and adoption purposes; the Federal leave transfer and leave bank programs; leave for bone-marrow and organ donation; and taking actions against employees who use or abuse leave. Ninety-six percent of post-workshop customer survey forms rated the overall workshop at least a four on a five point scale.

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- Help agencies design, implement, manage and evaluate personnel demonstration projects, as well as other alternative personnel approaches, such as those envisioned for performance-based organizations. (Continuing)

WCPS Goal 13: **Agency demonstration projects address compensation, classification, FY 1999/FY 2000 and performance management issues effectively.**

Means:

- Based on subject matter expertise, work cooperatively with OPM's Office of Merit Systems Oversight and Effectiveness (OMSOE) to review and identify compensation, classification, and performance management issues with regard to Demonstration Project proposals, and assess the soundness of proposed alternatives. When appropriate, provide options for improvement.

During FY 1998, provided considerable technical assistance to Department of Defense personnel demonstration projects, including Missiles Research, Development, and Engineering Command; Army Research Laboratory; Naval Research Laboratory; Acquisitions Workforce; Naval Warfare Center; Medical Research and Material Command; and Waterways Experimentation Station. These projects include broadbanding and other compensation innovations.

- Share with agencies the "lessons learned" from earlier demonstration projects and alternative personnel systems which included effective compensation, classification, and performance management approaches.

Indicators/Performance Results:

- Positive comments and feedback provided through the OPM customer satisfaction survey and other instruments indicate that customers are satisfied with the level of service provided.

VERIFICATION AND VALIDATION

- Client access to information will be measured by such accepted accounting means as Web site "counter" software and Government Printing Office data on the numbers of publications and CD-ROMs ordered in FY 2000, compared to data for FY 1999.

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- Data will be collected, analyzed, and studied according to accepted collection, analysis, and evaluation practices from key stakeholders and survey participants to determine the level of customer satisfaction and acceptance of WCPS products and services, and the amount of progress toward achieving WCPS goals.
- Ongoing customer service assessment efforts through daily contacts and meetings with agency and other stakeholders that provide continuous feedback about program delivery and customer satisfaction.
- Accepted, automated scheduling software will be used to track turnaround time on responses to requests for information and assistance.

SALARIES AND EXPENSES/GENERAL FUND APPROPRIATION

INVESTIGATIONS SERVICE

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$2,911	\$3,141	\$3,141	---
Full-Time Equivalents	29	29	29	---

DESCRIPTION OF ACTIVITY

OPM is responsible for ensuring the fitness and suitability of applicants for and appointees to positions in the Federal service. The Investigations Service (IS) provides policy guidance and oversight for agency security and suitability programs.

Through its security appraisal function, IS inspects and evaluates personnel security programs in other departments and agencies to fulfill our oversight responsibility and to ensure compliance with the provisions of E.O. 10450 and 12968.

In addition, IS oversees the conduct of investigations to determine the fitness and suitability of persons entering Federal positions. Investigations are conducted through a contract with an Employee Stock Ownership Plan (ESOP) corporation to resolve issues, enforce the civil service laws, rules and regulations, and to verify the qualifications of applicants for certain high level administrative and professional positions.

In order to meet expectations, IS develops in-house or recruits from other agencies, highly-experienced personnel security specialists who have hands-on experience in performing suitability adjudications and/or evaluating suitability and security programs. Our oversight program requires a high level of staff expertise in order to continue our credibility with the other agency security/suitability program managers whose programs we review and critique.

FY 2000 Priority

IS' priority for FY 2000 is to continue to ensure that only suitable individuals are hired for and remain in Federal positions. (IS Goal I)

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OPM STRATEGIC PLAN GOAL I:

**PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE
FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.**

FY 2000 RESOURCE SUMMARY: Obligations (000): \$2,854 Full-Time Equivalents: 27

PERSONNEL INVESTIGATIONS

- Ensure the suitability of applicants for and appointees to Federal positions.

IS Goal 1 Only suitable applicants, appointees and employees are hired for, and
FY 1999/2000: remain in, the Federal competitive service.

Means:

- Determine applicant suitability when an agency or OPM office refers applications for resolution of serious issues to include:
 - Screening cases for seriousness and relevance.
 - Acting on cases with potentially serious issues for further investigation.
 - Proceeding with cases which require more extensive investigation.
 - Rating applicants ineligible for Federal service after review of issues surfaced in agencies' recruiting.
 - Directing removals of appointees to Federal positions after case review, resolving them in favor of the subject, discontinuing cases for administrative reasons or, if appropriate, refer the case for agency adjudication.
 - In FY 1999/2000 we will refine timeliness standards set in FY 1998.
 - In FY 1999/FY 2000 we will continue on-going liaison with agencies, and host a Security Directors' conference each year to reinforce investigative policies and procedures.
- Continue to share information with agencies' security offices regarding suitability adjudication to ensure suitability of all Federal employees.

Indicators/Performance Results:

- Carry out suitability casework for agencies.

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Suitability Decisions	FY 1998	FY 1999	FY 2000
Agency referrals	1,212	1,200	1,200
Determinations Completed	1,475	1,000	1,000
Extensive Investigation Completed	150	150	150
Suitability Decisions	FY 1998	FY 1999	FY 2000
Ineligible Rulings	98	75	75
Ineligible/Non Response Rulings	237	150	150
Direct Removals	53	50	50

- Minimize the number of suitability decisions overturned by MSPB on appeal.

Nine percent were overturned in FY 1996 but none were overturned in FY 1998.

- Timeliness of suitability case processing is maintained at standards established and refined in FY 1998.

For fieldwork scheduled as part of a suitability investigation, ninety percent (90%) of the cases will be delivered by the contractor not later than 35 or 75 days as set when the cases were scheduled.

- Provide investigations policy guidance, disseminate information, and oversee agencies' security and suitability programs.

In FY 1998 we expanded our information sharing with agencies by sponsoring a Security Directors' conference to ensure that agency security personnel were informed of the changes brought about by Executive Order 12968.

- Assess results of the OPM survey of HR Directors and HR Specialists.

Percent satisfied with suitability determinations information.

<u>HR Directors</u>	<u>Percent Satisfied</u>
Policy and Leadership	70.0%
Opportunity for Involvement	64.5%

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<u>HR Specialists</u>	<u>Percent Satisfied</u>
<i>Information Sharing</i>	67.2%
<i>Technical Assistance</i>	66.4%

PERSONNEL INVESTIGATIONS

- Be an effective leader in the personnel security community by continuing to set Government wide investigative policy and serving as an active member of the U.S. Security Policy Forum.

**IS Goal 2 Ensure uniform application of investigative standards mandated by
FY 1999/2000: statute and executive order by developing and implementing
 Governmentwide investigative policy.**

Means:

- Participate as an active member of the Security Policy Forum of the U.S. Security Policy Board, and help ensure governmentwide uniformity in the application of investigative standards by being a member of the deliberative bodies which set and enforce policy, and by ensuring that OPM regulations and individual agency delegations and agreements reinforce the national standards.
- Assess the results of the IS customer survey which asks about our effectiveness in communicating and implementing governmentwide changes in investigative policy, process, or direction.
- Develop and disseminate investigative policy to other federal agencies through Federal Investigative Notices and Security Directors' conferences hosted by OPM.
- In FY 1999/FY 2000, make security appraisal visits to determine whether agencies have implemented new policies and standards.

Indicators/Performance Results:

- Continue as an active member of the U.S. Security Policy Forum of the U.S. Security Policy Board.

In FY 1998 continued as an active member of the U.S. Security Policy Forum of the U.S. Security Policy Board.

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- Ensure governmentwide uniformity in the application of investigative standards.
- Feedback from Investigations' Customer Satisfaction Assessment Survey. This survey was administered in the second half of FY 1998 to help us determine how well we are providing services and guidance to our customer agencies. We expect to administer this survey instrument every eighteen to twenty-four months after having established our baseline data from the 1998 survey.

We received a 56% response rate from this first survey sent to 97 customer agency or program level security offices. Of those responding, 94% are satisfied with the content and quality of OPM's investigations.

In FY 1998 the Investigations Service provided extensive support to agencies' personnel security and suitability programs. We conducted a Customer Satisfaction Assessment which indicated that 87% of those responding were satisfied with the policy guidance and support provided by Investigations Service staff.

- Extent to which agencies have implemented new policies and standards.

Agencies have been requesting new case types made available to them as a result of these new policies and standards.

In FY 1998, provided written guidance to agencies on the use of credit information to assure compliance with the Fair Credit Reporting Act (15 U.S.C. s 1681, et sec.) amendments which became effective as a result of the Fair Credit Reporting Reform Act of 1996.

OPM STRATEGIC PLAN GOAL II:

**PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE
EMPLOYEE EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE
OVERSIGHT AND EVALUATION PROGRAM.**

FY 2000 RESOURCE SUMMARY:

Obligations (000): \$287

Full-Time Equivalents: 2

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- Ensure that agencies adhere to Executive orders and regulations by inspecting and evaluating agencies' personnel security programs.

IS Goal 3 **Agency personnel security programs are made more effective as a result of OPM evaluations which note best practices, identify deficiencies and make recommendations for improvement.**
FY 1999/2000:

Means:

- Inspect and evaluate agencies' personnel security programs.
- Identify deficiencies in agencies' personnel security programs and recommend corrective actions for problems identified.
- Continue to train agency security staffs on security operations.
- Conduct investigations into alleged abuses (including test fraud) of the merit system at the request of OPM's or agencies' examining offices.
- IS will complete a Web site begun in FY 1998 which will aid personnel security offices in agencies. Access to information will be measured through Web site counter software to determine the number of visits during FY 1998 to establish baseline data.

Indicators/Performance Results:

- Results of on-site Customer Satisfaction Assessment Surveys.

In FY 1999/FY 2000, implement and assess results from a new security appraisal self-assessment tool which will provide OPM with data on personnel security practices in agencies.

- Quality of agencies' personnel security operations.

In FY 1998 carried out eight inspections and evaluations of agencies' personnel security program operations, identified deficiencies and made recommendations for corrective action.

In FY 1999/FY 2000 carry out 10 security appraisals.

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➤ **Agency feedback.**

In FY 1999/FY 2000 assess comments from users of the Investigations Service Web site which provides information and assistance to agency personnel security officers.

In FY 1999/2000 assess comments from agency participants in the annual Personnel Security Directors' Conferences.

➤ **Measurable improvements found in follow-up audits of agencies' personnel security processes.**

In FY 1998, a major agency instituted changes as a result of OPM's security appraisal recommendations including replacement of several high level personnel security staff. We will be working with the agency to ensure additional improvements in their personnel security and suitability program.

Carried out 26 investigations into alleged abuses of the merit system (including test fraud) at the request of agency examining offices in FY 1998.

FY 1999/FY 2000 conduct investigations into alleged abuses of the merit system at the request of OPM's or agencies' examining offices. Approximately 25 investigations are requested annually.

VERIFICATION AND VALIDATION

- Standard accounting methods and tracking software will be used to validate workload measures and validate the health of the business.
- An agency self-assessment tool will be implemented in FY 1999 to allow OPM to monitor security improvements made in agencies.

SALARIES AND EXPENSES/GENERAL FUND APPROPRIATION

OFFICE OF WORKFORCE RELATIONS

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$3,876	\$3,812	\$3,812	---
Full-Time Equivalents	37	38	38	---

DESCRIPTION OF ACTIVITY

The Office of Workforce Relations (OWR) provides leadership and tools to develop a workplace environment that sustains high performance, enhances quality of work life, and supports learning. The Office combines several programs including the Center for Partnership and Labor-Management Relations, the Employee Relations and Health Services Center, the Work/Life Programs Center, and the Office of Human Resources Development. OWR's mission includes:

- supporting and promoting effective labor-management partnerships and programs in order to refocus Federal labor relations from its tradition of adversarial litigation to cooperative problem-solving;
- assisting Federal agencies in developing and maintaining employee relations programs that support performance and mission accomplishment;
- promoting programs and flexibilities that enable employees to successfully balance work and family needs; and
- transforming Federal training to support performance improvement and learning.

OWR also provides, on a reimbursable basis, training and management assistance to improve human resources management, and, on a limited basis, employee assistance services.

In order to meet these responsibilities, OWR recruits highly-experienced human resource specialists and managers from other Federal agencies, and the private sector, who have hands-on experience in supervising and operating employee and labor relations, employee assistance programs, human resource development, and work and family programs. As needed, it hires contractors who are applications experts to upgrade or replace automated systems. All existing automated systems are being upgraded to the new agency standards for Y2K-compliant applications, and employees are being trained in-house in the new standards and applications.

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Major projects are controlled and monitored with an automated project tracking system, and required core competencies for each employee have been identified.

FY 2000 Priorities

OWR has identified three priorities for FY 2000 in support of the overall OPM priorities described in the Executive Summary.

The first is a major initiative designed to ensure that Federal agencies maximize the use of training technologies and effective human resources development programs in order to train and develop a workforce that can meet the technological challenges of the 21st century. (See OWR Goal #4)

The second is that OWR will enhance its early efforts to develop effective labor-management partnerships that provide better public service and high performing organizations by using the results of an intensive research project conducted in FY 1999 to more widely promote those partnership activities that have been shown to be effective. (See OWR Goal #6)

The third priority is to administer a Family-Friendly Workplace Advocacy Office that will not only respond to the needs of Federal workers but will serve as the catalyst for legislative and regulatory changes to ensure that family responsibilities are understood and supported on the job in the Federal government. (See Goal #10)

**ANNUAL PERFORMANCE GOALS FOR FY 2000
BY STRATEGIC PLAN GOAL AND OBJECTIVE**

OPM STRATEGIC PLAN GOAL I:

***PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE
FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.***

FY 2000 RESOURCE SUMMARY: Obligations (000): \$2,343 Full-Time Equivalents:26

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OVERALL HUMAN RESOURCES MANAGEMENT

- By the year 2000, examine all significant Governmentwide human resources management policies and programs to identify changes needed to promote a merit-based and cost-effective Federal service and the optimum balance of Governmentwide uniformity and agency-specific flexibility across those policies and programs.
- By the year 2002, propose and implement clear, effective policies and programs wherever a need for change was identified in the Year 2000 review.

**OWR Goal 1:
FY 1999/2000**

By the end of FY 2000, needed changes in all significant OPM program policies are identified and changes are introduced so that Federal agencies are better equipped to respond to changing human resources and agency needs in the 21st century.

Means:

- Work with other OPM services, including the Office of Merit Systems Oversight and Effectiveness, to identify statutes, executive orders, regulations, and policies in need of review in the areas of employee relations, employee health services, work and family, labor-management relations, and human resources development, to support and facilitate high performance in Federal agencies.
- Review reports, studies, and results of demonstration projects and innovative public and private sector HR programs to identify areas for program and policy improvement.
- Work closely with stakeholder groups, including HR specialists and labor union representatives, to seek comments on specific policies and programs in order to identify needed legislative and regulatory changes.
- Formulate appropriate policy proposals, both legislative and regulatory, and issue timely regulations, interpretations and guidance on needed changes identified in reviews and through stakeholder input.
- Assist agencies, the public, and others in interpreting law and regulations, and provide policy workshops and orientations to agency personnel.

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- Contribute to OPM's Initiative on Performance Measures for Agency Human Resources Programs in order to develop performance measures for assessing the effectiveness of agency HR programs.

Indicators/Performance Results:

- Increase in the level of agency HR Directors' satisfaction with regard to 1) OPM's workforce relations policy leadership, and 2) their opportunity for involvement, as measured by informal customer feedback and an increase (the percentage of increase is listed parenthetically below) over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) in the annual OPM Customer Satisfaction Survey.

The baseline satisfaction levels as measured by the 1998 OPM customer survey were as follows:

<u>Program Area</u>	<u>Policy Leadership</u>	<u>Agency Involvement</u>
employee relations	82.5% (1%)	78.9% (2%)
labor relations	80.6% (1%)	88.9% (1%)
employee assistance programs	83.8% (1%)	83.3% (1%)
workplace violence	89.5% (1%)	74.2% (2%)
physical fitness programs	46.7% (3%)	54.8% (3%)
work and family programs	90.0% ----	86.5% (1%)
human resources development	67.6% (2%)	73.5% (2%)

- Improvement in employees' perception of equity and effectiveness of workforce relations as measured by a 1% increase in the percentage of favorable ratings in the annual *Merit System Principles Questionnaire*. This increase is an annual increment to reach the 5-year strategic target of a 5% increase in favorable ratings.

The percentage of favorable ratings was 46% in the 1998 survey (reported out in FY 1999)

PERFORMANCE MANAGEMENT AND EMPLOYEE DEVELOPMENT

- Promote programs for dealing with poor performers and improve the capacity of managers to identify and resolve performance problems effectively. (Continuing)

OWR **Managers and HR practitioners use OPM-provided resources and**
Goal 2: **assistance to more successfully address employee performance problems.**

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Means:

- Highlight the importance of the administration's emphasis on senior level accountability for addressing poor performance through publications and presentations.
- Implement new strategies for dissemination or improvement of those materials based on feedback from supervisory customers who utilized OPM's multi-media informational materials.
- Develop standard informational packages on addressing poor performance for supervisors and managers, and encourage the use of these packages at OPM management training facilities and single-agency training facilities.
- Develop and distribute instructional material designed to assist human resources specialists in the technical requirements of performance-based actions, and in current third party case law impacting on this process.

Indicators/Performance Results:

- Increase over FY 1999 levels in the number of agencies that have implemented performance standards for senior level managers that address the process for identifying and resolving poor performance, as captured by an ERHSC survey. *(Baseline data will be established in FY 1999.)*
- Improvement in the extent to which instructional materials about identification and resolution of performance problems are available to Federal managers and supervisors, as measured by the creation and use of needed materials and by an increase in the number of hits on the poor performance home page.

In order to address the need to provide information to supervisors and managers across the Government, in FY 1998, OWR developed a CD-ROM and Supervisor's Guide entitled, Addressing Poor Performance, as well as a related web site. OWR also successfully conducted an extensive campaign to notify Federal agencies of the availability of these tools through the use of electronic and print media and by conducting numerous demonstrations for agency managers and personnel specialists. More than 9,500 visitors accessed the web site in 1998, and GPO reports 33,276 booklets and 11,182 CD-ROMs have been ordered as of 10/1/98.

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In FY 1999, OPM will lead an initiative to bring attention to the need for senior level accountability in addressing poor performance and will continue to assess the utility and effectiveness of these three new tools.

- Improvement in the level of satisfaction of HR Directors and Specialists with regard to instructional materials about identification and resolution of performance problems, as measured by a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the OPM customer survey.

The level of satisfaction with regard to the timeliness and quality of information sharing in dealing with poor performance was 90% for HR Directors and 73.6% for HR Specialists in 1998.

The level of satisfaction with regard to the timeliness and quality of technical assistance in dealing with poor performance was 83.8% for HR Directors and 70.4% for HR Specialists in 1998.

Overall, the level of satisfaction of HR Specialists with the Guide for Supervisors was 78.4% in 1998.

Overall, the level of satisfaction of HR Specialists with the CD-ROM was 66% in 1998.

In FY 1999, OWR will review the results of the OMSOE special study on performance management (to be published in FY 1999) in order to determine future approaches to assisting supervisors and managers who are addressing performance problems in their organizations.

- Reduction in the perception that poor performance is tolerated in the Federal Government as measured by a 2% decrease in the percentage of unfavorable ratings in the annual *Merit System Principles Questionnaire*. This increase is an annual increment to reach the 5-year strategic target of a 10% decrease in unfavorable ratings.

The overall percentage of unfavorable ratings was 40% in the 1998 survey (reported out in FY 1999)

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PERFORMANCE MANAGEMENT AND EMPLOYEE DEVELOPMENT

- By the year 2002, successfully support and promote cross-cutting efforts to streamline the adjudicatory system and make it understandable, timely, and less costly.

OWR **In cooperation with Federal adjudicatory agencies, initiatives are**
Goal 3: **undertaken to streamline the Federal adjudicatory processes.**
FY 1999/2000

After careful analysis, a decision was reached to redesign this annual goal.

In 1995, John Koskinen, then Deputy Director for Management at the Office of Management and Budget convened a working group comprised of staff from OPM and all of the adjudicatory agencies. The group's purpose was to consider ways to streamline the Federal employment adjudicatory processes and present a report to Congress in Spring, 1996. The findings of that report indicated that neither a curtailment of employee rights nor a merger of adjudicatory agencies was recommended. The report did recommend that the law be amended to eliminate the right to review by EEOC of mixed cases. Further, the report gave strong support to the use of alternative dispute resolution techniques in the resolution of employment grievances.

Based on these recommendations, we have focused our efforts on streamlining the mixed case process and promoting alternative dispute resolution programs. OWR will continue its efforts to increase the use of alternative dispute resolution techniques, which provide employees with a quicker, easier, and less litigious process for resolving workplace disputes, by publicizing these techniques and educating the human resources community on their usefulness. This effort is outlined more completely under OWR Goal #7.

Means:

- In FY 2000, OPM will actively pursue the feasibility of implementing the recommendation in the Koskinen report to streamline the current process for adjudicating mixed case appeals.

Indicators/Performance Results:

- Feedback is obtained from adjudicatory agencies on the feasibility of streamlining the mixed case appeal process.

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PERFORMANCE MANAGEMENT AND EMPLOYEE DEVELOPMENT

- Support the transformation of Federal training from a set of process-focused, event-based activities into an outcome-oriented, measurable performance improvement function that supports managers and employees in sustaining a consultative, learning environment.

OWR

Goal 4:

FY 1999/2000

OWR leads the transformation of Federal training so that it is an outcome-oriented, measurable performance improvement function designed to assist managers and employees in better preparing the Federal workforce for the needs of the future.

Means:

- Support and facilitate workplace learning and the development and operation of high performing organizations by various activities, including:
 - developing partnerships with public and private educational and training organizations in order to identify new workplace learning strategies and tools, including effective learning technologies.
 - participating in Governmentwide initiatives to share development and use of new learning technologies and to develop workforce capacity to meet critical needs.
 - providing educational and other activities that help agencies more effectively use performance measures for assessing the results and/or impact of HRD programs.
- Improve the capacity of agency information systems to provide data about results and/or impact of learning, education, and training efforts agency-wide by various mechanisms, including:
 - working with the interagency HR Technology Council, the HRD Council, and other stakeholders to establish core requirements and a model for agency HRD information systems, including requirements for technology-based training; and
 - identifying models, best practices and strategies for determining results and/or impact of HRD and providing them to agencies, to interagency groups, and to forums for "tutoring" agencies in developing internal systems.

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- Promote widespread access to effective workplace learning strategies and tools through a variety of means, including:
 - participating in or convening interagency groups dedicated to workplace learning and performance improvement.
 - providing workplace learning strategies and tools in a variety of formats, accessible to all employees and managers.

Indicators/Performance Results:

- Agency HRD programs are effectively developing the workforce as a result of the partnerships, agency sharing of learning technology development, and agency access to and sharing of HRD tools, as measured by a survey to be administered in FY 2000.

A major OWR initiative in FY 1999 will be to reestablish OPM's leadership role in supporting Federal workforce development by providing state-of-the-art HRD strategies and tools through a national Learning Symposium and other educational forums. OWR will also become more proactive in the HRD policy arena and provide more support to agency personnel. In FY 1999, OWR will also expand the existing network of agency HRD officials with whom OPM shares information on HRD law, trends, and practices in training and developing Federal employees, and will also utilize the OPM web site to support increased access to HRD information. OWR will work to support Administration learning technology initiatives, promote agency sharing of the development and use of learning technology, and partner with the private sector to share best practices and technology standards.

- HRD strategies and/or programs of at least five Federal departments or independent agencies are recognized as best in class by nationally recognized evaluative bodies (such as the American Society of Training and Development, Society for Performance Improvement, etc.).
- A significant number of high performing Federal agencies respond that OPM's HRD policy supports their performance, as measured by an FY 2000 OPM survey of agencies recognized for high performance by external evaluative groups.

In FY 1998, OWR leveraged OPM's influence in the Federal HRD community by working with the HRD Council and other strategic partners to showcase best practices in learning technology; conducting the first Federal track in a private sector multi-media conference; disseminating information on HRD roles and competencies and high performing organizations; developing a contract vehicle for agencies to access assistance in establishing practices that support high performing organizations; disseminating and implementing

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strategies in the Hammer Award winning handbook, "Getting Results Through Learning;" and promoting an agency participation benchmarking forum for gathering and sharing Federal training data.

- Improvement in the extent to which HRD policy information is available to OPM customers, as measured by a 10% increase in the number of hits on the human resources development home page over FY 1999 levels.

The HRD home page was established in October 1998 and baseline data will be collected in FY 1999.

- Improvement in the level of satisfaction of HR Specialists with regard to HRD information sharing and technical assistance, as measured by a 5% increase in the percentage of favorable ratings for each in the OPM customer survey over FY 1999 levels.

The level of satisfaction with regard to the timeliness and quality of HRD information sharing was 69.5% for HR Specialists in 1998.

The level of satisfaction with regard to the timeliness and quality of HRD technical assistance was 68.4% for HR Specialists in 1998.

Overall, the level of satisfaction of HR Specialists with the Training Policy Handbook was 69.7% in 1998.

- Improvement in HR Directors' satisfaction with HRD policy leadership and their opportunity for involvement in the HRD policy-making process, as measured by a 5% increase in the percentage of favorable ratings in the OPM customer survey over FY 1999 levels.

In FY 1998 the overall percentage of satisfaction with policy leadership was 67.7%.

In FY 1998 the overall percentage of satisfaction with opportunity for involvement was 73.5%.

In FY 1998, OWR strengthened OPM's Federal Human Resources Development (HRD) leadership role by involving a diverse group of strategic partners in planning the FY 1999 Learning Symposium; serving major roles in local and national HRD organizations; participating in planning implementation strategies for the President's directive on learning technology; and giving presentations and workshops on Federal HRD policy.

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- Improved perception Governmentwide that employees are well-educated and well-trained, as measured by a 2% increase in the percentage of favorable ratings in the annual *Merit System Principles Questionnaire*. This increase is an annual increment to reach the 5-year strategic target of a 10% increase in favorable ratings.

The overall percentage of favorable ratings was 50% in the 1998 survey (reported out in FY 1999).

EMPLOYEE AND LABOR RELATIONS

- Advise and consult with Federal agencies on labor-management relations by providing timely, accurate and useful information so that agencies may effectively work with their labor organizations that represent 1.1 million Federal employees. (Continuing)

OWR Goal 5: FY 1999/2000	Liaison activities are conducted with administration and agency officials and Federal labor organizations in order to maintain and enhance agency ability to deal effectively with labor relations matters in a manner consistent with OPM policy and objectives.
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Means:

- Coordinate the Interagency Group Network on Partnership and Labor-Management Relations and share information on Governmentwide policies and practices in labor-management relations.
- Regularly consult at the national level with agency officials and labor organizations in the development of human resources policy and on Governmentwide rules, regulations, and binding directives that affect conditions of employment.

Indicators/Performance Results:

- Improvement in the extent to which information on developing labor relations case law, trends, and best practices in working with labor organizations is disseminated, as evidenced by:
 - continued high levels of attendance at meetings of the Interagency Group Network on Partnership and Labor-Management Relations and positive feedback from members; and

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- an increase in the number of hits on the labor-management relations and National Partnership Council home pages. Baseline data to be established in FY 1999.
- continued positive evaluations of OPM issuances such as the *Significant Cases* publication. *Data from a 1998 survey of subscribers indicated that:*

72% of survey respondents rated the timeliness of Significant Cases in the Very Good to Excellent range. 93% of respondents rated the accuracy of the publication in the Very Good to Excellent range and 96% of the respondents rated the usefulness of the publication in the Very Good to Excellent range.

In FY 1998, OWR focused its efforts on the development of a fully automated information system on the Federal collective bargaining program with capacity to collect, analyze, and disseminate useful information and analysis on union recognition, collective bargaining agreements, and arbitration decisions. OWR took the first steps toward making this collective bargaining information system available to Federal agencies, unions and the public through the world wide web. This effort and others to assist Federal agencies and unions will be completed in FY 1999, and OWR will publish a report on Union Recognition in the Federal Government.

- Improvement in agency HR Directors' satisfaction with LR policy leadership and their opportunity for involvement in the LR policy-making process, as measured by a 1% increase in the percentage of favorable ratings over FY 1999 levels (or maintenance at 90% or higher) on the OPM customer survey.

In FY 1998 the overall percentage of satisfaction with policy leadership was 80.6%.

In FY 1998 the overall percentage of satisfaction with opportunity for involvement was 88.9%.

- Improvement in the level of satisfaction of agency HR Directors and Specialists with regard to LR information sharing and technical assistance, as measured by a 2% increase over FY 1999 levels in the percentage of favorable ratings for each in the OPM customer survey.

The level of satisfaction with regard to the timeliness and quality of LR information sharing was 71.5% for HR Specialists in 1998.

The level of satisfaction with regard to the timeliness and quality of LR technical assistance was 65.6% for HR Specialists in 1998.

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- Labor organizations and agency officials are regularly informed of proposed Governmentwide human resources policies and regulations and their recommendations are considered in their development. All statutory consultation requirements are met.
- Improvement in employees' perception that employees are treated fairly and equitably, as measured by a 2% increase in the percentage of favorable ratings in the annual *Merit System Principles Questionnaire*. This increase is an annual increment to reach the 5-year strategic target of a 10% increase in favorable ratings.

The overall percentage of favorable ratings was 46% in the 1998 survey (reported out in FY 1999).

EMPLOYEE AND LABOR RELATIONS

- In cooperation with the National Partnership Council, continue to champion strong and effective labor-management partnerships that support Federal employees, managers, and their representatives and promote improved performance, results, and service to the public.

**OWR Effective agency labor-management relations and partnerships result in
Goal 6: improved performance and service to the public.
FY 1999/2000**

Means:

- Work in cooperation with the National Partnership Council to develop and implement annual strategic plans designed to support and promote collaborative labor relations programs that get results.

Indicators/Performance Results:

- Improvement in the results and value of collaborative labor-management relationships, as evidenced by:
 - the National Partnership Council's 1999 research project, which will focus on linkages between partnership and improved organizational performance at selected sites;

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In FY 1999, OWR will undertake a broad-based research project designed to provide the NPC and, ultimately, the President, with information about the extent to which effective partnerships produce quantifiable improvements in Federal agency operations. The research will focus on linkages between partnership and improved organizational performance at selected sites, identification of key elements of partnerships that contribute to such improvements, and inferences about how similarly situated partnerships may seek and measure performance.

- consistency in the number of Federal employees covered by partnership councils and agreements. *(67% of bargaining unit employees were covered by councils in FY 1998. 68% of bargaining unit employees were covered by agreements in FY 1998.);*
 - continued positive union and management perceptions regarding the Federal labor-management relations climate. *(Sixty-seven percent of survey respondents believed that the climate was positive in FY 1997);*
 - a reduction in the number of unfair labor practices (ULPs) received by the Federal Labor Relations Authority. *(The number of ULPs received in FY 1998 was 5,702 which is a reduction in the 6,263 total in FY 1996); and*
 - consistency in the numbers of and an increase in the quality of nominations for the National Partnership Award. *(Sixty-eight nominations were received in FY 1998, and 67 were received in FY 1997.)*
- Satisfaction of senior officials and Presidential appointees on the National Partnership Council (NPC), as measured by continued positive Member feedback regarding the development and satisfactory implementation of the NPC's strategic plan.

In FY 1998, OWR supported and promoted effective labor-management partnerships in its ongoing effort to refocus Federal labor relations from its tradition of adversarial litigation to cooperative problem-solving. The most successful of these partnerships were granted the John N. Sturdivant National Partnership Award. A highly successful facilitation project was undertaken by the National Partnership Council (NPC) to focus on challenges at various stages of the partnership relationship. This featured a series of skills-building workshops, held throughout the country, designed to bring significant improvement to partnerships at the working level.

- Improvement in employees' perception that employees are treated fairly and equitably, and that the workforce is used efficiently and effectively, as measured by a 2% increase in the

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percentage of favorable ratings in the annual *Merit System Principles Questionnaire*. This increase is an annual increment to reach the 5-year strategic target of a 10% increase in favorable ratings.

Concerning the perception that employees are treated fairly and equitably, the overall percentage of favorable ratings was 46% in the 1998 survey (reported out in FY 1999). In response to the question of whether the workforce is used efficiently and effectively, the overall percentage of favorable ratings was 56% in the 1998 survey (reported out in FY 1999).

EMPLOYEE AND LABOR RELATIONS

- By the year 2002, develop, promote, and increase the use and accessibility of alternative dispute resolution programs among employees Governmentwide.

OWR **Agencies make increased use of alternative dispute resolution**
Goal 7: **programs in order to make dispute resolution a more timely, cost-**
FY 1999/2000 **effective and less divisive process.**

Means:

- Identify and showcase examples of agency ADR programs.
- Report results of ongoing ADR program evaluations by agencies.
- Establish an OPM Director's Award for outstanding ADR programs.

Indicators/Performance Results:

- Improvement in the extent to which instructional materials about ADR are available to OPM customers, as measured by an increases in the number of hits on the ADR home page.

The home page will become operational in FY 1999.

In FY 1998, OWR completed work on an updated version of OWR's previously issued, Guide to Alternative Dispute Resolution. During FY 1999, OWR staff will showcase examples of effective agency alternative dispute resolution (ADR) programs, will market and make tools such as the Guide available in a variety of versions, including printed and electronic via

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OPM's website, and will develop indicators to determine the extent to which the Guide is of assistance in helping agencies develop ADR programs.

- Improvement in the level of satisfaction of HR Specialists with regard to instructional materials about ADR, as measured by a 3% increase over FY 1999 levels in the percentage of favorable ratings on the OPM customer survey.

The level of satisfaction with regard to the timeliness and quality of information sharing on ADR was 68.1 for HR Specialists in 1998.

The level of satisfaction with regard to the timeliness and quality of technical assistance on ADR was 64.9% for HR Specialists in 1998.

- Improvement in employees' perception that employees are treated fairly and equitably, as measured by a 2% increase in the percentage of favorable ratings in the annual *Merit System Principles Questionnaire*. This increase is an annual increment to reach the 5-year strategic target of a 10% increase in favorable ratings.

The overall percentage of favorable ratings was 46% in 1998.

EMPLOYEE AND LABOR RELATIONS

- By the year 2002, increase the awareness and use by employees Governmentwide of Employee Assistance Programs, as well as other health promotion and disease prevention programs and practices.

OWR

Goal 8:

FY 1999/2000

Employees make increased use of Employee Assistance Programs and other health promotion and disease prevention programs and practices so that the Federal workforce operates in a more safe and healthy environment.

Means:

- Conduct an annual survey of Employee Assistance Programs (EAPs) to monitor implementation, usage and quality of programs in Federal agencies.
- Provide Governmentwide guidance on EAPs, as well as other health promotion and disease prevention programs through:
 - access on the world wide web; and

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- presentations to program managers at interagency meetings.

Indicators/Performance Results:

- A 1% increase in the use of agency EAPs, based on annual report data. FY 1997 annual report data is listed below.
- Improvement in the extent to which instructional materials about EAPs are available to OPM customers, as measured by an increase in the number of hits on the employee health services home page.

The home page has been designed and will become operational in FY 1999.

- Improvement in the level of satisfaction of HR Specialists with regard to instructional materials about EAPs, as measured by a 2% increase over FY 1999 levels in the percentage of favorable ratings on the OPM customer survey.

The level of satisfaction with regard to the timeliness and quality of information sharing on EAPs was 75.1% for HR Specialists in 1998.

The level of satisfaction with regard to the timeliness and quality of technical assistance on EAPs was 74.4% for HR Specialists in 1998.

- Satisfaction with the quality of OPM information on EAPs as measured by annual EAP survey.
- Improvement in employees' perception that employees with personal or work-related problems are offered help, as measured by a 1% increase in the percentage of favorable ratings in the annual *Merit System Principles Questionnaire*.

The overall percentage of favorable ratings was 61% in the 1998 survey (reported out in FY 1999).

In FY 1998, OWR completed a draft of the Employee Health Services Handbook, which is designed to provide agencies and employees with extensive guidance on (1) establishing and maintaining effective Employee Assistance Programs (EAP) and (2) conducting innovative health promotion and disease prevention activities in the workplace. In addition, OWR conducted the 1998 National Conference on Federal Employee Assistance and Health

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Enhancement Programs, which attracted more than 270 EAP and health promotion professionals from throughout the Government.

OWR also completed the FY 1997 Annual Report to Congress on Federal Employee Substance Abuse, which reflected a small (7 percent) decrease in employee utilization of EAPs but also demonstrated a greater agency commitment in terms of financial support for these programs. The report also reflected a slight increase in employees seeking help for drug problems, a decrease in those seeking assistance for alcohol problems, and a decrease in those counseled for problems such as emotional, mental, financial, legal, family, and HIV/AIDS-related problems. The report will also show that there was a significant increase in the number of supervisors and managers receiving training in EAPs. OWR also developed drafts of web pages for OPM health promotion and disease prevention activities, published and sent to Congress the "Report to Congress on Disease Prevention and Health Promotion," which reported on OPM's activity in the health demonstration project with the University of Hawaii, and announced the winners of the 1998 Director's Award for Outstanding Employee Health Services Programs. In FY 1999, OWR will issue the Employee Health Services Handbook, with access provided on the Internet, and increase agency access to health promotion and disease prevention guidance through the posting of new web sites.

OWR	An increasing number of agencies have workplace violence programs
Goal 9:	and policies in place so that agencies are better equipped to prevent or
FY 1999/2000	resolve violent situations.

Means:

- Gather information from Federal agencies to determine the extent and quality of Federal workplace violence programs/policies, and solicit samples from Federal agencies.
- Provide managers with Governmentwide guidance on strategies to deal with workplace violence through:
 - presentations to agency planners on the guidance;
 - workshops to provide necessary expertise to deal with workplace violence; and
 - education of key professionals through dissemination of information and augmentation of the workplace violence home page.

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Indicators/Performance Results:

- Increase in the number of agencies with a workplace violence prevention program or policy in effect. *(Baseline data will be established in FY 1999).*
- Improvement in the availability of policy information and program guidance as measured by increases in the number of hits on the violence in the workplace home page. *The number of hits for FY 1998 was 11,276.*

In FY 1998, OWR developed and announced, in a White House ceremony, new guidance on designing programs and strategies for dealing with workplace violence. OWR also effectively notified Federal agencies of the availability of the guidance. This involved numerous presentations on the importance of establishing agency programs for the prevention and handling of violent incidents in the workplace.

Since the web counter over 11,000 visitors to that site and GPO reports 9,365 booklets entitled, Dealing with Workplace Violence: A Guide for Agency Planners, have been ordered as of 10/1/98. In FY 1999, OWR will improve the resources available to agencies through the violence in the workplace website and will initiate efforts to provide additional educational materials to agency planners.

- In FY 1999, in response to the Vice President's directive to address the growing problem of domestic violence, OWR will undertake several steps to help the human resources community deal with this issue. OWR staff has created a guidebook on domestic violence which provides agencies with information on resources available for employees who are victims of domestic violence as well as information on how to deal with issues that arise in the workplace due to incidents of domestic violence.

In February 1999, OWR will host a Seminar on Domestic Violence, open to all Federal agencies, during which it will unveil its new guidebook. The information from the guidebook will also be available on OPM's website by the third quarter of the fiscal year.

- Improvement in the level of satisfaction of HR Specialists with regard to instructional materials about violence in the workplace, as measured by a 2% increase over FY 1999 levels in the percentage of favorable ratings on the OPM customer survey.

The level of satisfaction with regard to the timeliness and quality of information sharing on violence in the workplace was 75.4% for HR Specialists in 1998.

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The level of satisfaction with regard to the timeliness and quality of technical assistance on violence in the workplace was 69.9% for HR Specialists in 1998.

EMPLOYEE AND LABOR RELATIONS

- Develop and promote family-friendly programs and personnel flexibilities (e.g., alternative work schedules, leave flexibilities, telecommuting, dependent care services) so that they are available and used appropriately by employees Governmentwide to balance work and family needs successfully. (Continuing) .

OWR **Federal agencies have increased understanding of and commitment to**
Goal 10: **addressing work and family needs so that family-friendly programs are**
FY 1999/2000 **available to their employees in increasing numbers.**

In its report on OPM's FY 1999 appropriations bill, Congress instructed OPM to establish a Family-Friendly Workplace Advocacy Office to receive concerns and suggestions regarding agency implementation of family-friendly programs. The Office will incorporate the responsibilities of the current Work and Family Program Center. It will provide information to employees regarding the laws and regulations which govern family-friendly policies as well as avenues of redress available for complaints. It will also assist Federal employees and agencies in resolving problems with family-friendly workplace policies; identify administrative or regulatory obstacles to implementing family-friendly policies and practices; and propose regulatory or legislative changes where needed. In FY 1999, the Office will conduct a nationwide child care summit designed to promote increased quality, affordability, and accessibility of child care facilities throughout the Federal government. At the end of FY 1999, OPM will report to the congressional committee regarding the work of the Office, including recommendations for improvements which may be needed in the family-friendly programs.

Means:

- Build and increase the capabilities of the Family-Friendly Workplace Advocacy Office to receive concerns and suggestions regarding agency implementation of family-friendly programs; recommend appropriate legislative changes; and issue the first progress report by the end of FY 2000.
- Provide Governmentwide leadership and guidance on work and family programs through presentations to stakeholders--unions, managers, employees, and program representatives.

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Indicators/Performance Results:

➤ Increased awareness by agencies of the work and family issues which confront their employees and greater understanding of the personnel practices, programs, and policies which are available to help, as evidenced by:

- an increase in the number of agencies offering their employees flexible work schedules, part-time employment, telecommuting opportunities, and the number of agencies sponsoring child care and elder care activities, as determined by an FY 2000 OPM survey of Federal agencies. *Baseline data from the FY 1998 report, A Review of Federal Family-Friendly Workplace Arrangements (cited below) reflects the following:*

92% of responding agencies report the use of part-time employment and flexible work schedules.

Less than 1% of agencies are participating in telecommuting programs or referral services for child and elder care.

- the type and number of complaints received by the new Family Friendly Workplace Advocacy Office concerning the availability of family friendly workplace initiatives;
- consistency in the quality of agency programs nominated for the annual OPM Director's Award for Outstanding Work and Family Programs, as determined by increased scope of employee eligibility and participation (*the average number of receipts over the past four years is 36 nominations*).

In FY 1998, in response to a Congressional request, the Work and Family Program Center surveyed Federal agency personnel directors and conducted focus groups in both the Washington, DC metropolitan area and in the field of employees, managers, and union representatives to assess the impact of family-friendly workplace arrangements. This resulted in OPM's report to Congress, A Review of Federal Family-Friendly Workplace Arrangements in July 1998. The Center also issued the training handbook Work and Family Issues: A Training Module for Supervisors and Managers, and the Elder Care Connection (ECC), a resource and data bank of local elder care agencies, resources, and services located in Washington, DC, Maryland, and Northern Virginia. The Center sponsored the fifth annual Governmentwide OPM Director's Awards Program for Outstanding Federal Agency Work and Family Programs, as well as an Older Americans Month conference. It also hosted a number of seminars on topics such as child support enforcement, exploring Federal child care strategies, adoption, and a fatherhood seminar to promote the involvement of working fathers in the family-friendly workplace arrangements.

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- Improvement in employees' perception that employees' family responsibilities are understood and supported, as measured by a 1% increase in the percentage of favorable ratings in the annual *Merit System Principles Questionnaire*.

The overall percentage of favorable ratings was 62% in the 1998 survey (reported out in FY 1999).

OPM STRATEGIC PLAN GOAL II:

***PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE
EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND
EVALUATION PROGRAM.***

FY 2000 RESOURCE SUMMARY:

Obligations (000): \$70 Full-Time Equivalents: 1

- Evaluate and, when necessary, seek judicial review of the decisions of adjudicatory agencies to ensure they are consistent with civil service laws, regulations, and policies.
(Continuing)

OWR

Goal 11:

FY 1999/2000

Third party decisions that warrant OPM intervention are identified in order to obtain decisions that are consistent with civil service laws, rules, and policies.

Means:

- Review all decisions of the Merit Systems Protection Board, and appropriate decisions of arbitrators, the courts and the Federal Labor Relations Authority, to identify, analyze and act upon those decisions warranting formal OPM intervention, reconsideration, or judicial review.

Indicators/Performance Results:

- All decisions of the Merit Systems Protection Board and appropriate Federal Labor Relations Authority, court, and arbitration decisions are reviewed and intervention or judicial review is recommended in appropriate cases.

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In FY 1998, approximately 10,000 decisions were reviewed and OPM exercised its intervention and reconsideration authority in three cases. One case involved seeking reconsideration of an arbitration award in which the arbitrator applied an erroneous standard of proof. In the second case, OPM intervened in an MSPB case in which an administrative judge erroneously applied the law regarding attorney fees. In the third case, OPM sought reconsideration of a final MSPB order in which the Board erroneously interpreted the law regarding violations of the Hatch Act. At the time of this submission, there are three other cases in which OPM intervened in earlier years which are pending at the MSPB.

In FY 1998, OPM intervened and/or sought reconsideration in a number of Merit Systems Protection Board decisions involving misinterpretation of OPM law, rule or regulations which, if left unchallenged, would have had substantial Governmentwide impact. FY 1998 was also the year we reached a final decision in the case of Lachance v. MSPB, in which the U.S. Supreme Court ruled that agencies may bring disciplinary charges against an employee for providing false statements about alleged misconduct. OWR will continue its efforts in intervening or seeking reconsideration of appropriate cases in FY 1999.

- Improvement in the level of satisfaction of HR Specialists with regard to OPM's intervention in employee disputes before arbitrators and MSPB, as measured by a 2% increase over FY 1999 levels in the percentage of favorable ratings on the OPM customer survey.

The level of HR Specialists' satisfaction with regard to OPM's intervention was 67% in 1998. We are somewhat concerned by these results, and will explore them in focus groups and through other follow-up, to determine underlying causes and improvement actions. Also, when we design the FY 1999 survey, we will use the pilot test to determine if the the questions in this area are appropriately phrased and addressed to the correct audience.

- Of those cases in which OPM intervenes or seeks reconsideration, an increasing number of decisions are reversed or are appealed to higher levels by Department of Justice.

Of the three cases described above, OPM received a response from the arbitrator who agreed with OPM's analysis and corrected his previous arbitration award to reflect the correct standard of proof. The two other cases are still pending at the MSPB. In FY 1998, OPM also received decisions in four other intervention or reconsideration cases that began in earlier years. One decision issued by the Supreme Court supported OPM's arguments. Of the two cases which reached the Court of Appeals for the Federal Circuit, one decision concurred in OPM's argument wholly and the other concurred partially. The fourth case was resolved by the MSPB in support of OPM's position.

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OPM STRATEGIC PLAN GOAL III:

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS AND ENVIRONMENT OF THE 21ST CENTURY.

FY 2000 RESOURCE SUMMARY: Obligations (000): \$1,399 Full-Time Equivalents: 11

- Provide models, guidance, and technical assistance to promote agency use of existing personnel flexibilities and tools to help them achieve human resources management goals in support of their mission. (Continuing)
- By the year 2002, become the acknowledged leading source for effective, efficient technical assistance for a full range of flexible human resources management programs, as well as for those areas where uniform, Governmentwide systems are in place.

OWR

Goal 12:

FY 1999/2000

Federal agencies receive timely, accurate, clear, and useful advice and technical assistance to ensure that employee relations, employee health services, work and family, labor-management relations and human resources development are a positive part of agencies' fully integrated human resources systems.

Means:

- Support effective Federal workforce development and increase dissemination of knowledge about, and accessibility to, state-of-the-art educational strategies and tools designed to prepare the workforce for a high technology environment and for different skill demands in specific occupations by a variety of means, including:
 - developing new partnerships with private sector educational and training organizations in order to identify new educational strategies and tools;
 - linking these organizations with appropriate Federal partners (such as National Guard Bureau distance learning center, Department of Labor's Career Kit, etc.) in order to make new educational strategies and tools available to agencies;

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- providing enhanced and expanded Training and Management Assistance Programs to agencies in order to support effective HRM systems (see OWR Goal 16);
 - identifying state-of-the-art HRD strategies and tools and providing information about them to agencies, including information on effective learning technologies;
 - providing enhanced and expanded technical assistance to agency HRD programs in order to support effective HRM systems and workforce development, including promotion of agency sharing of learning technology development and use; and
 - serving as the single source for data and trends and for tracking innovations and best practices in Federal HRD.
- Answer inquiries and provide in-depth, case-oriented assistance to agencies and employees regarding technical issues.
- Act as information broker, facilitating information-sharing among agencies and providing Governmentwide leadership, guidance and information on effective workforce relations through a variety of means, including:
- publishing and distributing information in a variety of formats, including handbooks, pamphlets, fact sheets, training materials, and briefing packages;
 - convening interagency and stakeholder groups to identify workforce relations trends and resolve workforce relations issues;
 - serving as the single source for data and trends on Federal union recognition and collective bargaining agreements, and tracking innovations and best practices in labor-management relations;
 - providing to agency officials useful and accurate analysis of case law decisions by courts, administrative tribunals, and arbitrators; and
 - promoting widespread access to information through both hard copy and electronic means, and disseminating information through the program-specific home pages and other forums.

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Indicators/Performance Results:

- Increase in the level of HR Specialists' satisfaction with OPM's information sharing and technical assistance concerning workforce relations policies, rules, and regulations as measured by informal customer feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

The baseline satisfaction levels as measured by the 1998 OPM customer survey were as follows:

Information Sharing

<i>Labor-Management Relations & Partnership</i>	71.5%
<i>Poor Performance</i>	73.6%
<i>Discipline and Adverse Actions</i>	76.1%
<i>Federal Adjudicatory Processes</i>	67.0%
<i>Alternative Dispute Resolution</i>	68.1%
<i>Employee Assistance Programs</i>	75.1%
<i>Workplace Violence Prevention</i>	75.4%
<i>Physical Fitness Programs</i>	59.2%
<i>Work and Family Programs</i>	75.8%
<i>Human Resources Development</i>	69.5%

Technical Assistance

<i>Labor-Management Relations & Partnership</i>	65.6%
<i>Poor Performance</i>	70.4%
<i>Discipline and Adverse Actions</i>	73.0%
<i>Federal Adjudicatory Processes</i>	64.9%
<i>Alternative Dispute Resolution</i>	64.9%
<i>Employee Assistance Programs</i>	74.4%
<i>Workplace Violence Prevention</i>	69.9%
<i>Physical Fitness Programs</i>	59.8%
<i>Work and Family Programs</i>	72.4%
<i>Human Resources Development</i>	68.4%

- Results from evaluations and surveys conducted by OMSOE, GAO, MSPB, and other sources demonstrate an increase in employee satisfaction with regard to human resources functions relevant to workforce relations policy areas.

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- Surveys indicate that agency HRD programs are effectively developing the workforce as a result of the partnerships, agency sharing of learning technology development, and agency access to and sharing of HRD tools. (Baseline data will be established in FY 2000.)
- HRD strategies and/or programs of at least five Federal departments or independent agencies are recognized as best in class by nationally recognized evaluative bodies (such as the American Society of Training and Development, Society for Performance Improvement, etc.)
- Reduction in the number of unfair labor practices (ULP) and negotiability appeals received by the Federal Labor Relations Authority

In FY 1996, there were 6,263 ULPs filed. In FY 1998, there were 5,702.

In FY 1996, there were 79 negotiability appeals filed. In FY 1998, there were 62 appeals filed.

- Improvement in the availability of information on Federal workforce relations indicated by a 5% increase in the number of hits on the OWR home pages over FY 1999 measures.

Home pages for all OWR organizations were designed in FY 1998. Baseline data will be established in FY 1999.

- Improvement in employees' perception of equity and effectiveness of workforce relations as measured by a 1% increase in the percentage of favorable ratings in the annual *Merit Systems Principles Questionnaire*. This increase is an annual increment to reach the 5-year strategic target of a 5% increase in favorable ratings.

The overall percentage of favorable ratings was 53% in the 1998 survey (reported out in FY 1999).

- Help agencies design, implement, manage and evaluate personnel demonstration projects, as well as other alternative personnel approaches, such as those envisioned for performance-based organizations. (Continuing)

**OWR Agency demonstration projects address employee relations, labor
Goal 13: relations, and human resources development issues effectively.
FY 1999/2000**

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Means:

- Based on subject matter expertise, work cooperatively with OPM's Office of Merit Systems Oversight and Effectiveness (OMSOE) to review and identify workforce relations issues with regard to Demonstration Project proposals, and assess the soundness of proposed alternatives. When appropriate, provide options for improvement.
- Share with agencies the "lessons learned" from earlier demonstration projects and alternative personnel systems which included effective workforce relations.

Indicators/Performance Results:

- Positive comments and feedback provided informally and/or through customer satisfaction surveys conducted by OMSOE.
- Increased number of successful demonstration projects result in legislative and regulatory changes allowing greater flexibility in agency HR practices.

VERIFICATION AND VALIDATION OF PERFORMANCE MEASURES

- OWR will continually assess various mechanisms for collecting baseline data and measuring customer/stakeholder satisfaction. Such valid and reliable assessment tools as OPM's *Merit System Principles Questionnaire*, the OPM customer satisfaction survey and participant evaluation forms will be utilized.
- FY 2000 data will be collected, analyzed, and studied according to accepted collection, analysis, and evaluation practices to determine customer satisfaction and acceptance of OWR products and services, and the level of progress toward achieving OWR goals.
- Client access to information has been measured by such accepted accounting means as web page "counter" software and GPO data on the numbers of publications ordered. Using baselines from FY 1998, OWR will measure the progress of client access during FY 1999 and FY 2000.
- To the extent that OWR relies on other organizations such as the Federal Labor Relations Authority or the Government Printing Office for data and information, standard tracking systems have been developed and implemented by those organizations.

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- The quality of nominations for OWR-sponsored Governmentwide awards is determined by neutral, expert panels that rely upon predetermined selection criteria.

SALARIES AND EXPENSES/GENERAL FUND APPROPRIATION**EXECUTIVE RESOURCES**

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$2,418	\$2,494	\$2,494	---
Full-Time Equivalents	21	23	23	---

DESCRIPTION OF ACTIVITY

The Executive Resources (ER) program provides Governmentwide leadership, policy direction, and guidance and technical assistance for the Senior Executive Service (SES) and other executive personnel systems to maximize agencies' needs for flexibility while safeguarding the larger corporate interests of the Government.

In order to meet these challenges, the Office of Executive Resources Management has recently supplemented its base of professionals having long-term OPM executive resources program experience by adding human resources specialists who have managed executive resources programs in support of top leadership in other agencies. This gives us fresh insight and perspectives on agency issues and problems. We are also implementing an updated Executive Information System developed under contract which transfers data formerly maintained in a mainframe to a client server environment. The new system is Y2K compliant and provides for agencies to input data on senior executive actions directly over the internet. This eliminates submission and keying of paper input documents so that we will be able to provide more current data with less time and effort by agencies and OPM staff.

FY 2000 Priorities

Executive Resources has identified two priorities for FY 2000 in support of the overall OPM priorities described in the Executive Summary.

The first priority is to give agencies the tools they need to develop and select the best executives and to manage these executives in ways that advance mission accomplishment. (ER FY 1999/2000 Goals 1 and 2)

The second priority is to stimulate cultural change in which continual executive learning, including SES mobility, is highly valued. (ER FY 1999/2000 Goal 4)

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OPM STRATEGIC PLAN GOAL I:

**PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE
 FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.**

FY 2000 RESOURCE SUMMARY: Obligations (000): \$1,746 Full-Time Equivalents:16

OVERALL HUMAN RESOURCES MANAGEMENT

- By the year 2000, examine all significant Governmentwide human resources management policies and programs to identify changes needed to promote a merit-based and cost-effective Federal service and the optimum balance of Governmentwide uniformity and agency-specific flexibility across those policies and programs.
- By the year 2002, propose and implement clear, effective policies and programs wherever a need for change was identified in the Year 2000 review.

ER Goal 1: By the end of FY 2000, needed changes in all significant OPM
FY 1999/ FY 2000 program policies are identified and changes are introduced so that Federal agencies are better equipped to respond to changing human resources and agency needs in the 21st century.

Means:

- In FY 1999 and 2000, in partnership with its stakeholders, ER will proceed with legislative and administrative initiatives identified during the 1998 review. The Senior Executive Service and other senior personnel systems (e.g., Senior Level and Scientific and Professional) will be modified to improve how the Federal government develops, selects, assigns and manages its senior employees. Changes will strike a balance among management flexibility, employee protections, and larger corporate interests of Government. Key initiatives include:

Staffing: 1) propose regulations for delegation of Qualifications Review Board while focusing on the importance of leadership skills and ensuring that merit system protections are in place; and 2) propose statutory and regulatory revisions which give agencies more

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flexibility in making short-term appointments while ensuring that merit system protections are in place.

Performance Management: 1) propose statutory revision to abolish the 3-year recertification process; and 2) simplify regulations to increase flexibility, focus on results over process, promote alignment with GPRA and allow consideration of customer and employee satisfaction measures.

- Complete a survey to gather information on SES members' perceptions and attitudes about their Federal leadership experience, including the extent to which they function in ways consistent with the executive core qualifications, focus on outcomes rather than process, and believe the SES system supports program results. The study will be used to evaluate whether SES system modifications achieve the intended results in the view of those who both use and operate within the SES systems. Significant findings may confirm that modifications are effective or be used to fine tune strategies.
- Continuing study of trends and advances in management practice in all sectors, e.g., public, private, non-profit, international, as reflected in periodicals, books, studies, conferences and other means of disseminating information and continuing examination of trends and issues emerging in day to day SES Operations and Services work. Findings are used in developing or refining proposals for change or fine tuning implementation of changes in SES and other executive personnel systems.
- Work with other OPM services, including the Office of Merit Systems Oversight and Effectiveness, to identify statutes, executive orders, regulations and policies in need of review in the area of executive resources management to support and facilitate high performance in federal agencies.

Indicators/Performance Results:

- Baseline established for determining senior executives' satisfaction with OPM's leadership of SES program and their sense of "ownership" in the system.

1998 marked the 20th anniversary of enactment of the Senior Executive Service, and ER initiated a review of what had and had not worked over the years, and whether changes in the way we develop, select, and manage senior executives are necessary as we approach the 21st century. A Framework for Improving the Senior Executive Service was issued in April. This framework served as the focal point for stimulating debate and building consensus about needed system improvements, and developing a strategy for pursuing widely-supported legislative and administrative reforms.

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- Increased levels of satisfaction among HR Directors and those HR Specialists having executive resources functions with ER's executive resources policy leadership and with their opportunities for involvement in the policy process, as measured by informal customer feedback and by a 2% increase in favorable ratings on OPM's FY 1999 customer satisfaction survey for those survey items responsive to this goal.

Baseline satisfaction levels reported on the FY 1998 survey were as follows:

<u>HR Directors:</u>	<u>Policy Leadership</u>	<u>Involvement</u>
SES/Executive Resources (Overall)	70%	82%
Draft SES Framework	62%	69%

<u>HR Specialists</u> <u>(Executive Resources):</u>	<u>Policy Leadership</u>	<u>Involvement</u>
Draft SES Framework	65%	72%

- In FY 1999, ER will use its new survey of SES members to develop a baseline of information on their perceptions and attitudes about their Federal leadership experience, including the extent to which they function in ways consistent with the executive core qualifications, focus on outcomes rather than process and find that the SES system supports their efforts to achieve program results.

EXECUTIVE RESOURCES

- Achieve a Governmentwide senior executive corps of strong leaders and change agents with a national, corporate vision for the continuing transformation of Government and for effective management of the Government's human resources, who are the critical factor in this transformation. The overall outcome is a better, results-oriented Government.

**ER Goal 2:
FY 1999/FY 2000**

The selection of executives with solid leadership and management skills, public service values, and a Governmentwide perspective, who are prepared to lead the continuing transformation of Government is promoted.

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Means:

- Monitor developments in executive competency requirements to ensure that the tools used to develop and select Government executives continue to reflect cutting-edge research. Update SES briefings on ECQ's as appropriate based upon significant developments. By refining advice to prospective executives on how to develop and present their skills and helping agencies improve their ability to identify and develop good candidates, ER will enhance the talent pool and facilitate agency selection of solid executives.
- Work with Federal Executive Institute and Management Development Centers to monitor, facilitate and learn from their integration of the ECQs into instructional programs for current and future executives. Integrate ECQ's into ER briefings for new SES members and Schedule C's. Partner with agencies operating various learning programs for continuing development of SES members. This will help prospective and current executives learn and apply effective leadership skills to the benefit of their agencies.
- Modify regulations and/or guidance as appropriate to emphasize use of the ECQ's in SES selection, SES candidate development, performance appraisal and other processes. This will reinforce the importance of leadership competencies and enhance executives' preparedness to lead.
- Pilot forums that encourage SES members to develop and display leadership behaviors consistent with the ECQs.

Indicators/Performance Results:

- Favorable ratings and comments on participant evaluations collected at the end of ECQ Briefings, SES and Schedule C Orientations and SES Symposiums which indicate that attendees understand and value information provided about the importance of developing and demonstrating the ECQ's.

In FY 1998, having refined the Executive Core Qualifications (ECQ) to emphasize executive leadership for use in recruiting for SES positions and SES candidate development programs, ER conducted more than 50 workshops to get the word out to prospective SES applicants and human resources professionals. The workshops were phenomenally successful and blossomed into an opportunity to communicate the importance of leadership and results to Federal employees all over the country. In FY 1999 and FY 2000 we will continue workshops to keep

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focus on these qualities and encourage agencies to integrate the ECQ's into key SES personnel decision processes, e.g., recruitment, executive development, performance appraisal, and awards.

- Increased levels of satisfaction among HR Directors and those HR Specialists having executive resources functions with ER's executive resources policy leadership and with their opportunities for involvement in policy development related to this goal, as measured by informal customer feedback and by a 2% increase in favorable ratings on OPM's FY 1999 customer satisfaction survey.

Baseline satisfaction levels reported on the FY 1998 survey with OPM's policy leadership and involvement opportunities with respect to Revision of the Executive Core Qualifications were as follows:

	<u>Policy Leadership</u>	<u>Involvement</u>
HR Directors	76%	70%
HR Specialists (Executive Resources):	80%	73%

- Increase in evidence that Qualification Review Board (QRB) cases are well developed and reflect selection of well qualified leaders, e.g., percentage of cases approved upon initial submission; decrease in cases returned for substantial rewrite before QRB review; increase in favorable reports by QRB members on the caliber of agency selections.

EXECUTIVE RESOURCES

- In allocating personnel resources, maintain the corporate goals of a smaller executive corps that is consistent with an overall smaller, more streamlined and delayed Federal workforce.

ER Goal 3:
FY 1999/FY 2000

The levels of executive resources assigned Governmentwide and by agency through the 2000-2001 biennial allocation and subsequent interim adjustments meet the Administration's corporate goal of maintaining an executive workforce consistent with overall government downsizing while efficiently supporting agency missions.

Means:

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- In FY 1998, ER held the number of allocated SES and other senior positions to reduced levels achieved in 1996. In FY 1999, ER will review agency requests for the FY 2000 -2001 biennium and limit increases to the minimum necessary to support critical agency missions. Ad hoc adjustments after the initial biennial allocation will be limited to those necessary to meet unanticipated needs initiated by Congress or the Administration.
- Focus agencies' attention on the importance of executive resources planning and analysis, including succession planning, to meet current and future mission requirements and integrate those activities with their strategic plans. Such planning will result in more efficient use of existing resources and reduce their need to request new resources.
- Clarify differences among types of executive resources, i.e., Senior Executive Service, Senior Level and Scientific and Professional to facilitate allocation adjustments addressing the kinds of positions needed for agency missions. This will help agencies make better use of existing executive resources and more accurately determine future position requirements.

Indicators/Performance Results:

- Agencies operate successfully within initial biennial allocations. Cumulative ad hoc adjustments during the FY 2000-2001 biennial cycle result in no more than a 2.5% increase in executive resources allocated by OPM, i.e., Senior Executive Service, Senior Level and Scientific and Professional positions, as compared to the initial Governmentwide biennial FY 2000-2001 allocation, exclusive of any new agencies being created. This figure represents one-half of the 5% increase in SES spaces which statute (5 U.S.C. 3133) otherwise allows between biennial cycles. It reflects ER's plan to focus agencies on conducting a comprehensive, quality analysis for the biennial review so that the need for interim ad hoc adjustments will be reduced.
- Qualitative analysis of Reports submitted in conjunction with the biennial review show that agencies are effectively managing their executive resources and integrating a succession planning emphasis.

EXECUTIVE RESOURCES • By the year 2002, foster movement by senior executives as a means of broadening the executive's perspective and bringing fresh insight to agency programs.
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ER Goal 4: Continual learning is highly valued as a strategy for maximizing executive effectiveness with the result that agencies and executives increasingly use training, sabbaticals, details, temporary assignments and movement within and between agencies to broaden perspectives and gain fresh insights on leadership.

Means:

- In FY 1999 and 2000, ER will work to bring about change in the value placed upon continual learning and mobility as strategies for executive growth and change, with a resulting change in the extent to which agencies and executives use them to refine the skills of executives. The desired end state is an increase in the effectiveness of executives.
- Initiate a project to assess the Governmentwide norms and expectations regarding executive mobility and develop a strategy for change. We will use a survey to gather information on SES members' perceptions and attitudes about their federal management experience, including their perspectives on mobility in the SES. We will seek ways for ER to break down attitudinal barriers to and serve as a broker for mobility, so that agencies come to view it as an important tool for mission accomplishment and executives use it to gain valuable experience and develop themselves for still more responsible and rewarding federal service.
- Implement an internet forum (supplemental to USAJOBS) to facilitate connections between executives seeking new challenges and agencies which have SES vacancies.
- Create a mechanism to allow temporary exchanges of executives between federal agencies and the private sector. This will significantly expand opportunities for broadening experience skills of federal executives.
- Work with GSA to examine logistical barriers to mobility (e.g., travel, moving expenses, etc.).
- Use communications vehicles such as the SES home page, publications, presentations and seminars to promote the benefits of continual learning and mobility to agencies and executives.

Indicators/Performance Results:

- In FY 1999, ER will determine and implement methods to quantify how much continuing learning, e.g., executive training and mobility, are taking place and assess the qualitative

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impact on federal programs to initiate tracking and determine a baseline for future years. No baseline data is currently available.

- In FY 1999, ER will include in its new survey on SES members' perceptions and attitudes items on mobility that can be used to establish a baseline for measurement of changes in attitudes in future years. No baseline data is currently available.
- Increases in intra/interagency, intergovernmental, and/or interdisciplinary selections for senior executive positions as measured through the Executive Information System.
- Increased emphasis by agency management on encouraging and supporting executives' pursuit of continual learning activity, as shown by policy statements, training program activity and commitment of resources. For example, one agency has shared with ER a proposal to allocate funds exclusively for executive training and require each executive to seek such training every year.

OPM STRATEGIC PLAN GOAL III:

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS AND ENVIRONMENT OF THE 21ST CENTURY.

FY 2000 RESOURCE SUMMARY:

Obligations (000): \$748

Full-Time Equivalents: 7

- Provide models, guidance, and technical assistance to promote agency use of existing personnel flexibilities and tools to help them achieve human resources management goals in support of their mission. (Continuing)

ER Goal 5:

FY 1999/FY 2000

Federal agencies, senior executives, and other stakeholders receive timely, clear, accurate and useful advice and assistance that contributes to the development, selection and effective management of high-quality senior executives.

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Means:

- ER will continue day-to-day and project assistance to agency officials to clarify and help them effectively apply SES personnel system practices to address individual and systemic issues. Results of these interactions will inform deliberation on revision of SES regulations and guidance under ER Goal 1.
- Update SES Desk Guide based upon feedback from agencies during the testing phase, policy and program initiatives emerging from the SES Framework discussions with a variety of stakeholders, and issues arising from day-to-day interaction with our clients. This guide provides immediate advice on application of SES laws and regulations and explains OPM policies to enable agencies to respond to a broad range of circumstances without needing to consult ER.
- Respond to requests for information and assistance on the full range of executive resources management activities. This responds to agency needs for interpretation of how to apply SES laws and regulations in novel circumstances not anticipated in or not suited for treatment in our SES Desk guide.
- Maintain ongoing communications with stakeholders through meetings, briefings, presentations, publications and the SES home page. Knowledge of their views may inform treatment of issues which are within OPM's administrative control and lead to exploration of initiatives to improve the SES. Face to face interaction can also help resolve issues about which stakeholders have concerns.
- Strategic short-term detail or project assignment of ER staff to agencies for work in developing, implementing or operating SES personnel systems to gain first hand experience of agency issues and concerns and opportunities for improvement.
- Develop a model performance management plan that incorporates leadership requirements and linkages with strategic planning. This will involve working with offices in the Workforce Compensation and Performance Service engaged in similar efforts.

Indicators/Performance Results:

- Ongoing feedback from senior executives, agency executive personnel managers, agency personnelists and other stakeholders about services provided.

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In FY 1998, ER distributed a working draft of a comprehensive SES Desk Guide which received favorable reviews in its testing phase. In FY 1999, ER will finalize revisions based upon agency comments and publish the guide.

- Increases averaging 2% overall in levels of satisfaction with ER information sharing and technical assistance which are reported in OPM's FY 1999 customer satisfaction survey by those HR Specialists having executive resources program functions.

These HR Specialists' baseline satisfaction levels with ER's assistance in specific program areas as measured in the FY 1998 survey were as follows:

<u>Program Area</u>	<u>Information Sharing</u>	<u>Technical Assistance</u>
SES/SL/ST Allocations	72%	71%
SES Qualifications Review Boards	77%	77%
Noncareer and Limited SES Appointments	77%	74%
SES Compensation and Performance Mgmt	84%	82%
Presidential Rank Awards	73%	69%

VERIFICATION AND VALIDATION

Ongoing customer service assessment efforts through daily contacts and regularly scheduled meetings with agency and other stakeholders that provide continuous feedback about program delivery and customer service.

Under the new Executive Information System (EIS), ER will rely upon agencies for on-line input of most information about executives. Presently, certain kinds of data needed to quantify actual mobility, as distinct from various kinds of position or assignment changes which do not involve a significance change in duties, is not provided for in the system. The same is true of data on executive training. ER must determine whether the EIS offers the best solution for obtaining this data and if usefulness of the data justifies changes to the EIS system. Otherwise, it will be necessary to develop other methods.

ER plans to develop and deliver an executive survey in FY 1998 to determine baseline information on executive attitudes, experiences, and issues and ultimately gauge progress in developing executives with solid leadership skills, a broad perspective of government, and public service values as well as improving Governmentwide executive resources management.

SALARIES AND EXPENSES/GENERAL FUND APPROPRIATION**ADMINISTRATIVE SERVICES****(dollar amounts in thousands)**

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations				
Salaries and Expenses	\$17,140	\$11,752	\$14,186	\$2,434
Trust Fund	962	2,909	2,909	---
Advances and Reimbursements	<u>4,514</u>	<u>3,561</u>	<u>3,561</u>	---
Total	\$22,616	\$18,222	\$20,656	\$2,434
Full-Time Equivalents				
Salaries and Expenses	61	54	57	3
Trust Fund	25	31	31	---
Advances and Reimbursements	<u>39</u>	<u>48</u>	<u>48</u>	---
Total	125	133	136	3

DESCRIPTION OF ACTIVITY

OPM's Administrative Services provide administrative support to all OPM programs and are financed by all OPM fund sources (Salaries and Expenses/General Fund Appropriation, Transfers from the Trust Funds, Revolving Fund, and the Office of the Inspector General's Salaries and Expenses/General Fund Appropriation and Transfers from the Trust Funds). Covered offices include the Office of Contracting and Administration, the Office of the Chief Information Officer and the Office of Human Resources and Equal Employment Opportunity.

OFFICE OF CONTRACTING AND ADMINISTRATIVE SERVICES

The Office of Contracting and Administrative Services' (OCAS) mission is to support the Office of Personnel Management's (OPM) core program managers in keeping their operating costs low and acquiring the quality products they need at the best value to help them achieve their policy goals. OCAS provides delegated authority, information, expert advice, and service delivery to ensure efficient and cost effective administrative management throughout OPM. Specific services provided include local telecommunications, printing, publishing and mail. OCAS ensures that OPM employees enjoy a quality working environment, safe, secure and conducive to

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high productivity. In addition, OCAS is working to assist in achieving Governmentwide administrative and procurement policy goals. OPM has cost data in each of the OCAS goal categories and will use these benchmarks to track progress against the goals.

ANNUAL PERFORMANCE GOALS FOR FY 2000

**OCASGoal 1: Agency Space costs are reduced.
FY 1999/2000**

Means:

- Redesign selected Theodore Roosevelt Building (Washington, DC) and Service Center (field locations) space to improve utilization.
- Release excess space.
- Negotiate lower rent costs with GSA for our Boyers, PA facility.
- Correct GSA rent billing errors.

Indicators/Performance Results:

- Reduction in GSA rental charges and square footage assignments.

FY 1998: Achieved an annualized savings of more than \$750,000 from releasing and consolidating office and other space by redesigning space for the Detroit Service Center; redesigning the sixth floor of the Theodore Roosevelt Building (TRB); eliminating unneeded storage space in the TRB; and reducing the square footage for our Alexandria warehouse.

FY 1998: Implemented a new accounting system to better manage and track space utilization and space costs.

**OCASGoal 2: Procurement costs are reduced.
FY 1999/2000**

Means:

- Expand electronic commerce by posting solicitation documents on OPM's Internet Home Page; soliciting competition via the Federal Acquisition Computer Network; ordering

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products via electronic catalogs; issuing electronic purchase orders; receiving and paying electronic invoices; and increasing the use of purchase cards.

- Maximize the use of streamlined procurement methods by buying commercially available products and services using simplified acquisition procedures and by using Governmentwide Acquisition Contracts (GWAC).
- Expand the use of performance based service contract principles.
- Expand delegated purchasing authority.

Indicators/Performance Results:

- Improved training of procurement personnel.

During FY 1998, developed and implemented a policy which requires training for all OPM acquisition personnel; and developed and conducted training in advanced simplified acquisition procedures for over 100 OPM personnel to allow them to assume delegated procurement responsibilities.

- Reduced cost of purchases as a result of increased purchase card use.

FY 1998: Reduced administrative costs by \$640,000 through a 75 percent increase in the dollar volume and a 25 percent increase in the number of purchases made using the VISA I.M.P.A.C. Purchase Card.

FY 1999: Implement process improvements associated with the use and payment of bills for purchase card transactions.

- Increased purchase orders issued to mandatory sources.
- Increased use of recycled content paper.

FY 1998: Increased purchase of recycled content paper from 21 percent to 68 percent.

- Reduced printing, handling, and postage costs for solicitation documents.
- Increased competition resulting in lower prices.

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**OCAS Goal 3: Mail management costs are reduced.
FY 1999/2000**

Means:

- Expand the use of pre-sort mail contract services.
- Expand the use of alternatives to physical mail such as Internet electronic mail and voice mail.
- Expand the use of zip plus four.
- Improve mail preparation by expanding the use of correct address protocols.
- Increase physical compatibility of mail pieces with automated processes.

Indicators/Performance Results:

- Increased number of pieces of mail eligible for pre-sort discounts.

FY 1998: Contracted with a commercial source to provide pre-sort outgoing mail services for the Theodore Roosevelt Building (TRB). This contract resulted in a seven percent savings in domestic mail costs and a 48 percent reduction in international mail costs.

FY 1999: Expand the use of pre-sort mail contract services.

- Improved mail processing

FY 1998: Implemented management improvements for incoming mail at the TRB including zip plus four and a more flexible and efficient system for controlling incoming mail.

- Fewer rented postal boxes.

**OCAS Goal 4: Telecommunications costs are reduced.
FY 1999/2000**

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Means:

- Conduct inventories to reduce the number of local telecommunications lines used by OPM.
- Coordinate the review of monthly telephone bills to assure accuracy.
- Encourage the elimination of data lines for Internet access.

Indicators/Performance Results:

- Lower monthly charges, due to correction of billing errors.
- Number of lines discontinued as a result of inventories and direct Internet access.

FY 1998: Discontinued 158 lines.

**OCAS Goal 5: Systems and environments are improved to increase agency
FY 1999/2000 productivity.**

Means:

- Reduce energy usage by improving TRB heating, ventilation and air conditioning and lighting systems through a utility services contract.
- Implement other TRB systems modernization.
- Increase the use of systems and modular furniture.
- Improve physical security systems.
- Redesign selected office space to increase productivity.
- Survey customers and compare their satisfaction against FY 1998 baseline data.

Indicators/Performance Results:

- Improved customer satisfaction with building systems and internal environment.

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FY 1998: Improved the TRB by sealing and cleaning the building exterior, completing the fifth phase of the elevator modernization, and implementing an energy conservation study.

FY 1999: Install a more efficient and user friendly facility management system which includes asset tracking and building service scheduling functions.

FY 1999: Complete Year 2000 compliance planning and testing.

- Reduced energy costs associated with heating, cooling and lighting.
- Reduced time required to resolve building-related complaints.
- Increased satisfaction with workplace environment and physical security.
- Improved customer satisfaction data.

In the FY 1998 survey 90 percent of responding customers rated their service experience with OCAS as positive.

OCAS Goal 6: Administration and OPM policy objectives are fulfilled.
FY 1999/2000

Means:

- Meet or exceed target for using alternative fuel vehicles and procurement of recycled paper content products.
- Provide contracting support to the Investigations Service in awarding a new investigations services contract.
- Provide increased business opportunities for small and small disadvantaged business concerns.
- Continue transferring excess computers to schools.
- Encourage contractors to hire welfare recipients.

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- Share information with customers to raise their awareness of overhead costs and our strategies to reduce these costs.

Indicators/Performance Results:

- Support program areas in awarding contracts and hiring of welfare recipients.

FY 1998: Provided support for program areas including awarding contracts for : Business process re-engineering services for the Retirement Insurance Services (RIS) modernization of the retirement systems; the RIS Pittsburgh Telecommunications Center: the construction of the Shepherdstown Eastern Management Development Center; and provided support to close down the Lancaster Management Development Center.

FY 1998: Incorporated performance based service contracting concepts into contracts for a leadership program simulation software instrument for the Federal Executive Institute's Leadership in a Democratic Society seminar, the Pittsburgh Telecommunications Center and the Shepherdstown Eastern Management Training Center.

FY 1998: Supported Administration policy objectives such as obtaining OMB approval for a Governmentwide system for recording contractor successes in hiring welfare recipients; developing plans for assuring that building systems are year 2000 complaint; and providing for enhanced security for the TRB by installing cameras in the garage and lobby areas that provide for 100 percent viewing capability, the installation of a new guard booth, and improved "badging" procedures.

- Meet milestones for award of the new investigation services contract.
- Meet or exceed small business contracting goals.

VERIFICATION AND VALIDATION

Compile data from existing tracking systems and refine tracking system as necessary.

OFFICE OF THE CHIEF INFORMATION OFFICER
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The information technology (IT) program supports OPM's Chief Information Officer (CIO) in providing OPM's senior managers with IT advice and oversight in accordance with the Clinger-

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Cohen Act. The IT program provides a broad spectrum of technical consultation that supports OPM's core programs in the prudent use of technology to enhance service delivery and simplify and improve business processes. Services include: coordinating agencywide IT policy, plans, and capital investments; promoting improvements in OPM work processes; and implementing a sound and integrated agencywide IT architecture and a performance-based IT management system. In addition, this office responds to agencywide information resources management requirements and reports imposed by law and central management agencies and provides agencywide policy, advice, and services on data communications, computer security, Freedom of Information Act, Privacy Act, and reports, forms, and records management.

**ANNUAL PERFORMANCE GOALS FOR FY 2000
BY STRATEGIC PLAN GOAL AND OBJECTIVE**

IT will play a major role in OPM's accomplishment of the strategic business goals described in OPM's FY 1997-2002 Strategic Plan. The IT program helps OPM to achieve Strategic Plan Goals I, II, III, and IV, particularly where performance goals and strategies involve the application of technology, by ensuring that IT resources are used most effectively. In order to ensure that OPM's IT processes and infrastructure are able to support the agency's strategic plan, OPM's CIO will take a number of actions to oversee OPM IT initiatives, to implement the Clinger-Cohen Act of 1996, and to address the Year 2000 and information security challenges.

FY 2000 Priorities

The Office of the CIO's top program priorities for FY 2000 are: to ensure that OPM's IT systems are Year 2000 compliant (OCIO Goal 5); to facilitate the development of the Virtual Federal Human Resources Data Repository through the Human Resources Technology Council (OCIO Goal 2a); and to continue to meet the mandates of the Clinger-Cohen Act, in particular by maintaining a sound and integrated IT architecture (OCIO Goal 4).

OPM STRATEGIC PLAN GOAL I:

***PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE
FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.***

FY 2000 RESOURCE SUMMARY:

Obligations (000): \$1,500

Full-Time Equivalents:3

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[Includes \$1,500 and 3 FTE for the delivery of the initial capabilities to implement the Governmentwide vision of a Virtual Federal Human Resources Data Repository (VHRDR).]

HUMAN RESOURCES SYSTEMS AUTOMATION

- Provide Governmentwide leadership via the Human Resources Technology Council for cooperative business process redesign and system modernization efforts, in support of the Clinger-Cohen Act of 1996. (Continuing)
- Through the Human Resources Technology Council, fully exploit modern automated technologies to improve human resource management practice for examining, training, classification, performance management, benefits administration, and personnel documentation and record keeping. (Continuing)
 - By the year 1998, establish core requirements for human resources systems; set benchmarks; and evaluate existing and developing systems against requirements and benchmarks.
 - By the year 1999, establish requirements and a model for an electronic official personnel folder (Digital OPF) to replace paper personnel records.

**OCIO Goal 1:
FY 1999/2000**

With the Associate Director for Employment, leadership and support are provided to the Human Resources Technology Council (HRTC) so that Governmentwide human resources business process redesign, systems modernization efforts, and planning initiatives to fully exploit the use of modern automated technologies are pursued. [See also ES Goal 2]

The HRTC supports OPM's interest in ensuring that agencies are able to make the best and most cost-effective use of automation to achieve human resource management objectives. The HRTC is responsible for crafting a long-term strategic vision and goals for human resource management Governmentwide, particularly as it relies on automation to accomplish these goals.

Means:

- OPM's CIO co-chairs the HRTC with the Associate Director for Employment, convenes regular meetings, and provides administrative support.
- Ensure that a high level of participation continues through FY 2000 by addressing topics that are relevant and important to the HRTC members and their respective agency missions.

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- Through the HRTC, conduct and coordinate Governmentwide HR automation studies and widely share the results of these studies to foster improvements in HR management.
- Develop Governmentwide policy for cooperative HR business process redesign and systems modernization based on HRTC studies and analyses.
- Use feedback from the HRTC and other agencies as a tool for assessing policy effectiveness.
- With HRTC support, encourage small agencies to establish consortia or other mechanisms to enable these agencies to benefit from automation advances.

Indicators/Performance Results:

- Satisfaction of HRTC members with the results of HRTC studies and services, and their opportunity for involvement in the Council policy making will increase over FY 1999 or maintain at 90 percent, as measured by the annual OPM Customer Satisfaction Survey.

The HRTC member's baseline satisfaction levels as measured by the FY 1998 survey were as follows:

<u>Program Area</u>	<u>Policy Leadership</u>	<u>Opportunity for Involvement</u>
HR Systems Automation	64%	82%
Governmentwide HR Infor. Systems Study (1998)	100%	92%

- Actions are initiated as a result of HRTC policy discussions.

During FY 1998, the HRTC delivered to the President's Management Council a Governmentwide study on HR systems requirements and a review of current legacy and new developing systems in all major departments and agencies. This critically acclaimed study has been widely disseminated and is the basis for follow-on work during FY 1999 and 2000. These actions include development of a strategy with OPM on electronic data record-keeping and reporting; an occupational analysis of IT positions; working with the Joint Financial Management Improvement Program (JFMIP) on finalization of payroll requirements; and research on best practices in the public and private sectors in human resource automation. [See also OCIO Goal 2 below and ES Goal 6]

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OCIO Goal 2a: Through the HRTC, OPM will begin the delivery of the initial capabilities that implement the Governmentwide vision of a Virtual Federal Human Resources Data Repository (VHRDR). The VHRDR will result in prompt access to current and accurate HR data in a less labor-intensive and costly environment for HR processing, recordkeeping, and reporting.

In OPM's initial strategic plan, OPM established an objective for FY 1999 to "establish requirements and a model for an electronic official personnel folder (Digital OPF) to replace paper personnel records." In FY 1998, OPM and the HRTC decided to pursue a broader Governmentwide objective to develop a Virtual Federal Human Resources Data Repository, which encompasses the more limited approach of developing an electronic personnel folder. The initial effort, developing a vision, requirements, and concept of operation for the HR Data Repository, is currently underway.

Means:

- Develop an initial VHRDR design based on the Vision/requirements and concept of operation approved by the HRTC in FY 1999.
- Conduct VHRDR prototype/proof of concept testing.
- Begin pilot implementation of selected VHRDR modules.
- Define VHRDR operational modules for future implementation.

Indicators/Performance Results:

- HRTC approval of the HR Information Vision, concept of operation, and implementation plan.
- HRTC approval of the initial VHRDR design and prototypes.
- Prototypes demonstrate a positive cost benefit return for the Government.
- HRTC support for pilot tests of selected VHRDR modules.
- HRTC agreement for EHRF operational modules for future implementation.

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With the HRTC, OPM has begun a process to design and develop a strategy for storing, distributing, and accessing HR data electronically -- Governmentwide. During FY 1998, OPM issued a contract to define a vision for Governmentwide electronic HR recordkeeping, construct concepts of operation, and develop an implementation strategy and plan. During FY 1999, this initial work will be reviewed by the HRTC and work will begin on the HRTC selected concept of operation to include further requirements identification.

OCIO Goal 2b: Under direction of the HRTC, human resources information flow between agencies, OPM, and other relevant parties is improved through an expanded centralized delivery mechanism ("data hub").
FY 1999/2000 [See ES Goal 2b for Means and Indicators]

OCIO Goal 2c: Through the encouragement of the HRTC, an increased number of agencies are using self-service benefits selection systems (such as OPM's Employee Express). [See ES Goal 2c for Means and Indicators].
FY 1999/2000

OPM STRATEGIC PLAN :
INFORMATION TECHNOLOGY STRATEGY

NOTE: OPM's Strategic Plan includes a special *Information Technology Strategy* section outlining specific goals and strategies for OPM's successfully implementing the Clinger-Cohen Act's IT Management reforms, addressing the Year 2000 challenge, and ensuring appropriate information security programs are in place.

FY 2000 Resource Summary: Obligations (000) \$8,804 Full-Time Equivalent:12

[Includes \$2,100 for information technology infrastructure maintenance and \$3,384 for reimbursement of the National Archives and Records Administration fees for Governmentwide recordkeeping services.]

OCIO Goal 3: The IT management mandates of the Clinger-Cohen Act are met through the prudent application of technology in support of OPM's core mission accomplishment.
FY 1999/2000

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Means:

- Continue to provide independent oversight of major OPM IT initiatives and investments to ensure that OPM's core functions can meet their business goals and objectives through the application of technology. Significant IT initiatives include the Retirement Systems Modernization and the Central Personnel Data File Modernization projects. (See also RIS Goal 14 and OMSOE Goal 2.)
- Begin to implement an enterprisewide document management system that enhances mission accomplishment and meets electronic records management requirements.
- Develop and implement an agencywide Intranet capability that facilitates the sharing of information among OPM staff and enhances support to our customers.
- Begin to implement an agencywide Systems Development Life Cycle (SDLC) methodology and standards-based development tools that move OPM toward achieving the goal of being a Software Engineering Institute's Capability Maturity Model (CMM) level 3 applications development organization.
- Develop plans for the transition of OPM's long distance voice and data communications from GSA's Governmentwide FTS2000 contract to the new FTS2001 contract.
- Manage OPM's IT capital planning and investment control process and implement a performance-based IT management system to ensure that OPM capital investments in IT produce the desired business outcomes.

Indicators/Performance Results:

- OPM's IT initiatives conform with OPM's IT architecture standards prior to committing funds for IT projects.

During FY 1998, OCIO sponsored an agencywide analysis of OPM's document management requirements. This effort will continue in FY 1999 with a technical alternatives analysis and cost-benefit analysis to include integration of new electronic records management requirements into OPM's overall document management solution.

Access to the Internet is becoming increasingly important for OPM staff to accomplish their mission. During FY 1998, OCIO developed a conceptual design for expanding Internet access and during FY 1999 will coordinate with OPM's Employment Service IT support staff

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to implement this capability agencywide. The infrastructure necessary for Internet will facilitate establishing Intranets in FY 2000.

- System development projects follow OPM's SDLC methodology and remain on schedule and within budget.

The Office of the Chief Information Officer (OCIO) continued to provide independent oversight of the Retirement Systems Modernization (RSM) project, and in FY 1998 initiated an independent verification and validation (IV&V) contract to provide additional assurance that the RSM project was proceeding on plan. During FY 1999, OCIO will continue to use the IV&V contract to review RSM progress.

- OPM's IT initiatives attain planned performance measures and meet customer expectations.
- OPM makes progress toward achievement of CMM level 3 based on bench marking of OPM system development practices against the CMM standards.

OCIO has taken a leadership role in moving OPM toward a consistent process for developing IT systems in preparation for achieving Software Engineering Institute Capability Maturity Model Level 3 certification. During FY 1998, OCIO initiated a task to refine and develop a system development life cycle (SDLC) methodology. In FY 1999, OCIO will further develop and customize the SDLC into an online tool that integrates project estimating. The SDLC will be prototyped on several OPM projects during FY 1999.

OCIO Goal 4: **OPM has a sound and integrated agencywide IT architecture that
FY 1999/2000 provides a standards based, interoperable, and secure technology
 environment to facilitate and support the cost-effective
 accomplishment of OPM's core mission and goals.**

Means:

- Periodically update OPM's IT Architecture Vision and Technical Reference Model to maintain the technical currency of the architecture standards.
- Refresh deployed technology on a 4-5 year life cycle to sustain OPM's IT architecture investment.
- Complete implementation of enterprise resource management (ERM) capabilities to provide end-to-end management of OPM's IT infrastructure.

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- Conduct a total cost of ownership/seat management study to identify cost-effective IT management options for OPM's IT infrastructure
- Establish and enhance a comprehensive help desk operation to provide a single source to OPM staff for prompt IT-related problem resolution and define appropriate service level standards

Indicators/Performance Results:

- OPM's IT infrastructure, including PC hardware/software and LAN/WAN components meet the needs of OPM staff and are Year 2000 compliant.

OCIO developed a comprehensive agencywide IT architecture, and in FY 1998, began a multi-year project to migrate OPM to this architecture. OCIO prepared an agency level migration plan and is monitoring the execution of the detailed implementation plans. These detailed plans include replacing OPM's 10-year old communications cabling plant, deploying standard personal computer hardware and software, and upgrading and standardizing OPM's local area network operating systems.

- OPM's IT infrastructure and hardware and software inventory complies with the IT architecture.

During FY 1999, OPM will continue the initial Architecture migration process begun in FY 1998, to include the acquisition and implementation of additional standard hardware and software. With the initial migration effort complete by the end of FY 1999, OPM will be positioned to begin an architecture sustainment effort in FY 2000 and beyond.

- Central management of workstations and servers is provided through the ERM system to achieve operational and cost efficiencies.
- OPM's help desk provides prompt and effective customer support to OPM staff and meets defined service level agreements.

OCIO Goal 5: OPM's IT systems operate properly on and after January 1, 2000, and an effective Year 2000 Business Continuity and Contingency Plan is in place.

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Means:

- Continue to manage OPM's Year 2000 (Y2K) remediation effort through the agencywide steering committee, ensuring that adequate resources and priorities are applied to the remediation tasks to meet established Governmentwide target dates.
- Complete final Y2K compliance verification of OPM IT systems.
- Complete appropriate Y2K end-to-end testing.
- Complete Y2K related IT disaster recovery and business continuity and contingency planning and testing.
- Use software configuration management and PC/LAN based hardware and software inventory management and controls to assure continued Y2K compliance.

Indicators/Performance Results:

- OPM is able to perform its mission on and after January 1, 2000, supported by appropriate information technology resources.

OCIO has continued to oversee OPM's program to achieve Y2K compliance. During FY 1998, OPM made significant progress and met its Y2K remediation plan targets by achieving more than 55 percent compliance of its mission-critical systems compliant by the end of the fiscal year. OPM expects to continue to meet Governmentwide target dates during FY 1999, including having all mission-critical system compliant by March 1999.

During FY 1998, OPM upgraded its mainframe data center to a Y2K compliant hardware and operating system software environment. This Y2K compliant environment provides OPM with an in-house capability to test repaired application systems. To provide added assurance, OCIO is using contractor assistance to verify the Y2K compliance of OPM's mission-critical systems.

- Y2K related IT failures, if any, are promptly resolved, and IT related business continuity and contingency plans mitigate any problems.

During FY 1999, will complete the development and testing of Y2K Business Continuity and Contingency plans. OPM will also implement a Test Model Office to provide the ability to test OPM's personal computer and local area network based systems in a certified Year 2000 compliant environment. Additionally, OPM will conduct end-to-end testing of systems

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to assure compliance, validate the compliance of its telecommunications systems, and verify compliance of building systems and facilities. OCIO will continue to oversee all of these preparations for Y2K compliance, provide contractor assisted Y2K compliance verification, and prepare progress reports to OMB and the Congress.

OCIO GOAL 6: **OPM's information security program provides adequate computer security commensurate with the risk and magnitude of harm that could result from loss or compromise of mission-critical IT systems.**
FY 1999/2000

Means:

- Conduct internal and external evaluations of OPM's information security program to include engaging assistance from experts, e.g., National Security Agency, to review OPM's security capabilities and implement appropriate recommendations to improve information security.
- Ensure that OPM staff receive appropriate computer security training.
- Oversee the implementation and testing of OPM disaster recovery/continuity of operation plans for OPM's general support system and major financial, benefits, and workforce information application systems.

Indicators/Performance Results:

- Few security problems are identified during internal and external evaluations and those that are identified are not material weaknesses and are rectified promptly.

During FY 1998, no computer security incidents were reported to OCIO.

- Staff are trained, as necessary, based on assessment of needs.

During FY 1998, OCIO began revising its Computer Security and IT Resource Use policies and reviewing its computer security training. During FY 1999, OCIO will reissue computer security and IT Resource Use policies and implement new computer security training.

- A tested disaster recovery capability is in place for OPM's general support and major financial, benefits, and workforce information application systems.

During FY 1998, OPM successfully tested a disaster recovery plan for its mainframe data center and renegotiated disaster recovery hot site support for FY 1999. During FY 1999,

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OPM will continue to test disaster recovery procedures for its mainframe systems and will develop and test disaster recovery procedures for its nationwide local area network and wide area network systems.

VERIFICATION AND VALIDATION

Verification and validation mechanisms that are or will be in place for OCIO's FY 2000 performance measures include:

- OCIO will use accepted qualitative analysis techniques to assess customer feedback and satisfaction for HRTC related projects and OPM system development activities.
- OCIO will use accepted accounting methods and procedures to evaluate net present value, return on investment, and cost/benefit analyses for IT systems.
- OCIO will use accepted project management and tracking software to monitor project schedules, earned value milestones, budgets, and accomplishments for IT systems.
- OCIO will use the Software Engineering Institute's Capability Maturity Model standard to assess OPM's system development practices.
- OCIO will use OIG/GAO and other independent organization's reviews of OPM's IT initiatives to assess performance.
- OCIO will use the services of independent verification and validation contractors to assess significant IT initiatives.

OFFICE OF HUMAN RESOURCES AND EEO
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The program covers the operation of internal personnel management and equal employment opportunity programs agencywide. The Office of Human Resources and EEO (OHREEO) is responsible for position management, policy development, employee and labor relations, pay administration, staffing services, classification, training, EEO complaint processing, automated personnel information systems, and employee benefits.

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**ANNUAL PERFORMANCE GOALS FOR FY 2000
BY STRATEGIC PLAN GOAL AND OBJECTIVE**

OPM STRATEGIC PLAN GOAL V:
***ESTABLISH OPM AS A LEADER IN CREATING AND MAINTAINING A SOUND,
DIVERSE, AND COOPERATIVE WORK ENVIRONMENT.***

FY 2000 Resource Summary: Obligations (000) \$2,826 Full-Time Equivalent: 22

- Develop and maintain a well-trained and versatile OPM workforce to support our mission.

HREEO **Diverse applicant pools are recruited to meet our future workforce**
Goal 1: **needs and training and developmental opportunities are provided to**
FY 1999/2000 **meet our workforce and succession plans.**

Means:

- Having forecast strategic workforce needs for the future, will recruit from all sources individuals with the competencies that will be needed for the future. Manage intern, career development and mentoring programs to ensure a pipeline of future leaders.
- Ensure that employees have the technical skills to succeed within our IT architecture.
- Deploy a cost-effective training delivery strategy that maximizes the benefits of the agency's intranet. Field employees will have electronic access to training offered via CD ROMs.
- Implement a training management information system that allows analysis of training costs and patterns and also creates a transcript of individuals' work-related training and education.

Indicators/Performance Results:

- Improve the recruitment of Hispanics in the OPM workforce.

In FY 1998, developed and implemented a 10 Point-Plan to Improve the Recruitment and Development of Hispanics in the OPM Workforce. As a direct result, 35 percent of all

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vacancy announcements were open to all sources, up from 15 percent in FY 97. The hiring rate for Hispanics increased from 3.0 percent in September 1997 to 8.8 percent in September 1998. The overall representation of Hispanics in OPM rose from 2.9 percent to 3.1 percent in FY 1998.

Surpassed Welfare-to-Work hiring goals for the second straight year in FY 1998. OPM committed to hire 15, and actually hired 22. Four of these hires were the Hispanics, the first Hispanics hired by OPM under the welfare reform initiative.

Surpassed goals to hire students from the District of Columbia for summer jobs in FY 1998. OPM committed to hire 27, and actually hired 40. Two of these hires were Hispanic students, the first Hispanic students hired by OPM under this initiative.

In FY 1998, established and started recruitment for a new OPM Intern Program.

Will hire and orient two classes of OPM Interns in FY 1999 and FY 2000, with approximately 40 interns per class.

➤ ***Increase the diversity of the executive and management cadre within OPM.***

In FY 1998, developed a plan to improve the diversity of OPM's executive and managerial cadre.

In FY 1998, developed a protocol for conducting exit interviews to determine causes of turnover.

In FY 1999 and FY 2000, will develop baseline data on turnover, by occupation and group.

In FY 1999 and FY 2000, will implement a plan to develop and sustain a diverse executive and management cadre within OPM and refresh the charter of the Executive Resources Board to oversee strategic workforce planning and succession planning, based on forecasts of turnover and staffing needs.

In FY 1999 and FY 2000, will implement a formal mentoring program for interested OPM employees, beginning with individuals who recently completed leadership development programs. Open the nomination process for leadership development programs to employee self-nomination.

➤ ***Ensure that the OPM workforce is well-trained for current and future needs.***

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During FY 1998 provided training in core competencies to OPM employees. OHREEO directly sponsored 39 workshops or training programs, benefiting 420 employees at the cost of \$250,000. This does not include training paid for by OPM program offices.

During FY 1999 and FY 2000 implement a system for capturing training records in the Personnel Data System. Introduce the training module of the DOD Modern Civilian Personnel Data System to enable managers to approve training electronically and to directly generate training reports. Submit annual training data to the benchmarking Forum sponsored by the American Society for Training and Development.

- Improve the cost effectiveness of staffing operations.

In FY 1999/ FY 2000 establish a delegated examining unit for all competitive staffing services to improve quality and timeliness. Reduce the time it takes to issue a certificate from 60 days to 45 days.

In FY 1999/ FY 2000, design a more cost-effective merit promotion plan.

- Manage the OPM workforce as an effective team and communicate clearly and knowledgeably with our internal and external customers.

HREEOGoal 2: The administrative costs of HR systems are reduced and customer service satisfaction increases.
FY 1999/2000

Means:

- Begin the selection process for an integrated personnel/payroll system provider for FY 2002 and beyond.
- Provide managers with the ability to initiate personnel transactions electronically from their desk-top computers. Managers will be able to track the status of personnel actions and generate HR reports directly in a self-service manner.
- Encourage the expansion of employees' options for self-service and will increase the numbers of personnel transactions processed directly through Employee Express.

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Indicators/Performance Results:

- Improve the overall quality of personnel services and adherence to merit principles.

The July 1998 OHREEO Customer Service Survey results showed that customer service improved. Management's satisfaction with the overall quality of personnel service increased from 72 percent in 1997 to 81 percent in 1998. Employee satisfaction increased from 68 percent to 76 percent.

Developed baseline data for the accuracy of personnel transaction processing. The percentage of personnel transactions that were processed without error was 85 percent.

Improved the accuracy of data transmissions to the Central Personnel Data File to 97 percent, thereby exceeding the Governmentwide standard of 96 percent for the first time.

In FY 1999/FY 2000 increase the accuracy of personnel transaction processing from 85 percent to 90 percent.

During FY 1999 implement recommendations from the on-site, oversight review conducted by the Office of Merit Systems Oversight and Effectiveness.

- The costs per employee associated with administration of HR processes will decrease.

Developed 1998 baseline data for the costs associated with 22 specific human resources processes. The data compares to other Federal agencies and to private sector organizations.

Human Resources Costs Per Employee

	<i>OPM</i>	<i>Government Average</i>
<i>HR processes</i>	<i>\$1,245</i>	<i>\$1,749</i>
<i>Labor costs</i>	<i>\$845</i>	<i>\$1,011</i>

In FY 1998, established a streamlined process for employees to request waivers from internal rules.

Decreased charges for Workers' Compensation and Unemployment Compensation by \$192,824 from the period July 1, 1996 - June 30, 1997, to the period July 1, 1997 - June 30, 1998. We returned one employee to light duty, and have offers pending with three additional employees, with the potential of lowering future costs by \$98,109 per year.

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During the period May 1997 to May 1998, OPM employees processed 210 personnel transactions through Employee Express, a self-service alternative to submitting paper forms for data entry by OHREEO.

In FY 1999, streamline staffing operations and convert to the new DOD Modern Civilian Personnel Data System.

In FY 1999 and FY 2000 continue to lower Workers' Compensation and Unemployment Compensation costs.

In FY 1999 and FY 2000, increase employee use of Employee Express for updating certain payroll and personnel records.

During FY 2000 administer the benchmarking process again.

- Serve as the Governmentwide benchmark for partnership and create a work culture where all employees are valued.

**HREEO Goal 3: OPM employees are helped to achieve top performance, productivity
FY 1999/2000 and job satisfaction.**

Means:

- Initiate contacts with supervisors to encourage and support efforts to address poor performers and the root causes of their performance problems.
- Consolidate all of the direct services offered to headquarters employees.
- Establish a council of partnership councils within OPM to spread the application of best practices.
- Through the agency intranet, increase access to information and training for field employees and telecommuters.
- Maintain high participation rates in the Thrift Savings Plan (TSP) for employees in the Federal Employees Retirement System.

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Indicators/Performance Results:

- More performance problems and conflict situations are being addressed and successfully resolved.

In FY 1998, implemented programs to address/prevent workplace and domestic violence.

In FY 1998, launched neutral mediation as an alternative dispute resolution method for informal EEO discrimination complaints for non-bargaining unit employees in Headquarters, Boyers, PA and Macon, GA.

During FY 1999 and FY 2000 work more closely with OPM managers to confront and resolve performance problems.

During FY 1999 and FY 2000 expand ADR to bargaining unit employees and others in all OPM locations.

- Improved labor management relations.

During FY 1999/FY 2000, complete contract negotiations with AFGE Local 32, reduce the amount of official time used by OPM unions, and improve the effectiveness of partnership with OPM unions.

- Improved service to OPM employees regarding benefits.

In FY 1998 the following benefit services were improved:

- *Raised participation in the Thrift Savings Plan among non-participating FERS employees by 23 percent.*
- *Timeliness of retirement/benefit-related submissions from 69 percent to 95 percent.*
- *Conducted the FERS Open Season, provided all eligible employees with information packages and counseled all interested employees.*
- *Supported increased levels of volunteerism through flexible work schedules.*

During FY 1999 and FY 2000, work toward a goal of 100% of our full-time and part-time FERS employees participating in TSP.

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- Improved customer service to employees and managers who work in locations that do not have onsite HR staff by increasing access to information and training for employees.

In FY 1999, examine any disparities between OPM employees who are co-located with HR staffs versus those who are not co-located, about the quality of service and access to information and training.

During FY 1999 and FY 2000, raise awareness of and interest in telecommuting, especially in the Washington, DC metropolitan area.

During FY 1999 and FY 2000, make full use of technology to improve services to employees who are not co-located with HR staff.

- Improved customer service for employees in the Central Office.

In FY 1999/FY 2000, fully implement a one-stop shop for employee services in the Central Office. Expand services to include health screening, wellness, and other issues of interest to OPM employees.

- By the year 2000, following a multi-year plan, link all of OPM's individual employee performance plans to our agency strategic and performance goals.

**HREEO Goal 4: All individual performance plans are linked to agency strategic goals
FY 1999/2000 and to the FY 2000 Performance Plan.**

Means:

- Assist OPM organizations as they align individual performance plans to the OPM Strategic Plan.
- Introduce ways that supervisors can align other HR plans and practices to the strategic and performance goals.

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Indicators/Performance Results:

- All (100 percent) performance plans are linked to the OPM Strategic Plan and the FY 2000 OPM Performance Plan.

Sixty percent of Senior Executive Performance Plans and roughly forty percent of managerial plans were aligned to the OPM Strategic Plan in FY 1998.

- Most OPM organizations have also aligned their incentive awards programs and their training programs to the strategic goals.

In FY 1998, aligned the Director's Awards for Excellence with the OPM Strategic Plan

During FY 1999, restructure OHREEO to align with Strategic Goal V subgoals.

In FY 1999 and FY 2000, conduct briefings of all OPM managers regarding issues related to aligning awards and training to OPM's Strategic Plan.

VERIFICATION AND VALIDATION

- Data on hiring and representation from the Personnel Data System and from the Centralized Personnel Data File is validated in reports sent to the Employment Service and to the Equal Employment Opportunity Commission.
- Beginning in FY 1999, training data will be captured in the Personnel Data System. Staff in OHREEO will enter data from training forms forwarded by program offices. Later in FY 1999, managers will process their training approvals through the new DOD Modern Civilian Personnel Data System and the data will be directly available for reports and analyses. Training data will be submitted annually to the Benchmarking Forum of the American Society for Training and Development for comparative analysis with other Federal agencies and outside organizations.
- Data on cycle times is retrieved from various documents; e.g., the date the Request for Personnel Action is received in OHREEO, the date the vacancy announcement opens, and the date the selection list is sent to the selecting official..
- OHREEO's Customer Service Surveys are administered by another office in OPM with professional expertise in that methodology.

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- The *Merit System Principles Questionnaire* is administered annually by OMSOE and results can be compared to similar surveys administered from time to time by the Merit Systems Protection Board and the National Partnership for Reinventing Government
- Data on the cost effectiveness of HR processes is compiled every other year by The Hackett Group, a private sector firm that specializes in Bench marking HR practices.
- Data on employees' use of Employee Express is monitored and reported independently by another organization within OPM.
- The Thrift Savings Plan participation rates are compiled independently by the Thrift Savings Board.
- The Retirement and Insurance Service issues to each Executive Branch agency semi-annual reports on the aging of separations.
- Data on the costs of Workers' Compensation claims is compiled independently by the Department of Labor.
- The OHREEO Customer Service Survey data can be compiled by location.
- Reports on the union's use of official time are collected quarterly and compared to other reports for a quality review.
- Data on the linkage of performance plans to the OPM strategic plan is verifiable when offices send completed performance appraisal documentation to OHREEO for data entry into the Personnel Data System and for filing in official records.

FY 2000 BUDGET CHANGES:

A net increase of \$2,434,000 is composed of the following:

An increase of \$3,384,000 is requested to reimburse NARA for the cost of storing and servicing official personnel files for all agencies Governmentwide.

An increase of \$250,000 is requested for information technology investments. OPM will redirect 3 FTE to support this effort.

A transfer of \$1,200,000 to Merit Systems Oversight and Effectiveness is necessary to finance CPDF Modernization efforts.

SALARIES AND EXPENSES/GENERAL FUND APPROPRIATION

EXECUTIVE AND OTHER SERVICES

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations				
Salaries and Expenses	\$9,427	\$8,155	\$8,155	---
Trust Fund	3,004	3,825	3,825	---
Advances and Reimbursements	<u>2,542</u>	<u>3,908</u>	<u>3,908</u>	---
Total	\$14,973	\$15,888	\$15,888	---
Full-Time Equivalents				
Salaries and Expenses	90	81	81	---
Trust Fund	33	46	46	---
Advances and Reimbursements	<u>28</u>	<u>39</u>	<u>39</u>	---
Total	151	166	166	---

The Director and Deputy, Combined Federal Campaign, and the President's Commission on White House Fellowships are funded exclusively by OPM's Salaries and Expenses/General Fund Appropriation.

The Offices of the Director, the Chief Financial Officer, the General Counsel, Communications, and Congressional Relations are financed by all OPM fund sources (Salaries and Expenses, Transfers from the Trust Funds, Revolving Fund, Office of Inspector General's Salaries and Expenses and Transfers from the Trust Funds).

OFFICE OF THE DIRECTOR

The Office of the Director (OD) provides leadership for all initiatives and activities of the Office of Personnel Management. It serves as the focus for promoting the President's agenda on matters relating to the Federal workforce.

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OD carried out its leadership role during FY 1998 to support the continued reinvention of Government agencies and operations. In FY 1999, particular focus is being given to developing and carrying out a framework of initiatives for regulatory action and legislative proposals to improve human resource management systems and programs in the executive branch.

ANNUAL PERFORMANCE GOAL FOR FY 2000

OD Goal: **Shape the Administration's direction on Federal human resources**
FY 1999/2000 **policy issues.**

Means:

- Provide leadership within the executive branch as the central management agency responsible for effective human resources management by serving as the focal point for the development of innovative human resource programs and initiatives.
- Continue to serve as the Chair of the National Partnership Council established by Executive Order 12871 in order to enhance labor management relations throughout the executive branch, and to promote the principles and recommendations adopted as a result of the National Performance Review.
- Continue to serve on the President's Management Council to advise and assist the President and Vice President in ensuring that the reforms adopted as a result of the National Performance Review are implemented throughout the executive branch.
- Serve on the President's Interagency Council on Administrative Management which functions to improve agency administrative and management practices.
- Direct the activities of the 28 Federal Executive Boards which are responsible for personnel policy coordination among Federal activities outside Washington, D.C. Coordinate various activities with approximately 80 Federal Executive Associations nationwide.

Indicators/Performance Results:

- An increase in the level of agency HR Directors' satisfaction with 1) OPM's employment policy leadership and 2) their opportunity for involvement, as measured by informal feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

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The HR Directors' baseline satisfaction levels are listed in the sections of this plan covering the individual OPM programs.

OFFICE OF THE CHIEF FINANCIAL OFFICER
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The Chief Financial Officer is responsible for all financial management activities relating to OPM's programs and operations in compliance with the Chief Financial Officers Act, Public Law 101-576 and must ensure OPM's financial operations, systems, reports and statements comply with the Government Management Reform Act, Government Performance and Results Act, Federal Managers Financial Integrity Act, Debt Collection Improvement Act, and the Federal Financial Management Improvement Act. The Office of the Chief Financial Officer (OCFO) develops and maintains an integrated accounting and financial management system; ensures that program information systems provide reliable, consistent and timely financial and program data; manages the budgeting and expenditure of OPM resources including the preparation of external budget and performance information for OMB and Congress; performs debt management; and prepares agency financial statements, reports and plans for the administrative and earned-benefits programs.

ANNUAL PERFORMANCE GOALS FOR FY 2000

OPM STRATEGIC PLAN :

<i>FINANCIAL MANGEMENT STRATEGY</i>

NOTE: OPM's Strategic Plan includes a special <i>Financial Management Systems Strategy</i> section outlining the goal and objectives for the Financial Management System (FMS) and Employee Benefits System (EBS). Both the Office of the Chief Financial Officer and the Retirement and Insurance Service have set FY 1999 and FY 2000 annual performance goals that are designed to bring about the achievement of the goal and objectives set out in the Strategic Plan. (See Retirement and Insurance Service Goal 5)
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OCFO Goal 1: FY 1999/2000	Material weaknesses are resolved and the Financial Management System, the Employee Benefits System, and internal controls are improved in order to maintain the integrity of the earned employee benefits trust funds (totaling more than \$60 billion in annual benefit payments) and OPM's appropriated and reimbursable funds.
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Means:

- Generate auditable financial statements and receive unqualified audit opinions.
- Ensure substantial compliance of the financial systems with the Federal Financial Management Improvement Act of 1996.
- Implement and maintain current documentation of our policies, processes and procedures.
- Maintain close, detailed administration of the Revolving Fund to ensure full cost recovery and solvency.
- Improve the debt collection process and be in full compliance with the Debt Collection Improvement Act.
- Improve the timeliness of all payments, those subject to the Prompt Pay Act as well as those to government agencies.
- Decrease administrative accounts receivable delinquency by improving the billing, charge-back and collection processes by working in partnership with program managers, and by encouraging the use of credit cards and electronic payments.
- Ensure effective cash management and control.
- Continue to improve OPM's Financial Management System by expanding the electronic interchange of data with OPM program systems and external parties.
- Allow electronic document approval for travel-related documents.
- Implement timely and cost-effective improvements to our financial systems/sub-systems such as the FACTS II capability.
- Enhance the property management module in the Financial Management System.
- Encourage the increased use of the Employee Express System that allows employees to update payroll information electronically.
- Issue guidance and monitor the administration of OPM's Federal Managers Financial Integrity Act (FMFIA) program requirements. Prepare the Director's Annual Assurance Letter to the President and Congress on time and in accordance with FMFIA requirements.

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- Provide oversight to ensure the adequacy of management controls which safeguard assets and ensure accurate financial reporting. Coordinate with OPM programs, Inspector General, and OMB to execute corrective action plans that eliminate risk areas.
- Prepare the Financial Management Status Report and Five-Year Plan for the agency Director and OMB in compliance with the CFO Act.

Indicators/Performance Results:

- Improved accounting:

<i>PERFORMANCE INDICATORS</i>	<i>FY 1997</i>	<i>FY 1998</i>	<i>FY 1999 GOAL</i>	<i>FY 2000 GOAL</i>
<i>System Accounting Errors</i>	<i>10.0%</i>	<i>8.0%</i>	<i>3.0%</i>	<i>2.0%</i>
<i>Timeliness of payments for Prompt Pay Act and payments to government agencies</i>	<i>83.9%</i>	<i>90.0%</i>	<i>97.0%</i>	<i>98.0%</i>
<i>Accounts Receivable Delinquency</i>	<i>49.0%</i>	<i>37.8%</i>	<i>5.0%</i>	<i>2.0%</i>
<i>Reconcile Cash Accounts Differences with Treasury</i>	<i>> 180 days</i>	<i>90 days</i>	<i>30 days</i>	<i>30 days</i>
<i>Unidentified Hours in the Work Reporting System</i>	<i>12.0%</i>	<i>3.6%</i>	<i>2.0%</i>	<i>.5%</i>

- Material weaknesses are eliminated.

FY 1998: Improved on the implementation of the Debt Collection Improvement Act both by improving the process of referring delinquent accounts to the Department of the Treasury and by increasing the amount referred.

FY 1998: Selected a new credit card company for travel and purchase cards and streamlined the procedures for using the cards.

FY 1998: Completed, in a joint effort with the Office of Contracting and Administrative Services, the comprehensive inventory and re-valuation of all property assets capitalized at a unit cost of \$10,000 and above. Also implemented the electronic interface between the Property Management Information System (PMIS) and the Financial Management System.

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FY 1998: Completed documentation of the policies and procedures for accounts receivable and accounts payable.

FY 1999: Continue teamwork with the Department of Treasury's Financial Management Service to review, re-engineer and document financial policies, processes and procedures.

- Financial condition (health) of our programs, gauged through frequent analysis.
- Improved Inspector General, Independent Public Accountant (IPA) and GAO audit results.

FY 1998: Prepared the FY 1997 financial statements for all OPM accounts by the statutory due date of March 1, 1998.

FY 1999: Prepare the agency's first accountability report including financial statements for all OPM accounts.

FY 1998: Completed the implementation of an upgrade to OPM's accounting system.

**OCFO Goal 2: Integrated financial management support and reporting is provided
FY 1999/2000 to ensure OPM's core functions can meet their goals and objectives.**

Means:

- Ensure all financial systems are Year 2000 compliant.
- Provide responsive, high quality and cost-effective service to all our customers.
- Ensure our personnel are trained in the core competencies and assigned effectively.
- Ensure accurate, timely and effective formulation and execution of OPM's budget and annual performance plan.
- Improve the analytical and forecasting capabilities.
- Ensure compliance with the Government Management Reform Act (Title IV).
- Provide ongoing training to OPM managers on the use of information from OPM's financial management systems.

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- Ensure accurate and timely financial reporting to OMB and Department of Treasury.
- Expand the use of electronic payments to improve the timeliness of payments to vendors and comply with the Debt Collection Improvement Act.
- Convert Department of Defense (DOD) billings to the Electronic Data Interchange/On-line Payment and Collection system that will interface with OPM's Financial Management System.
- Support the efforts of the Joint Financial Management Improvement Program's (JFMIP) Program Management Office to improve financial systems.

Indicators/Performance Results:

- Achieved full Year 2000 compliance in all financial systems.

FY 1998: All financial systems determined to be Year 2000 compliant and comprehensive testing on-going.

FY 1999: Ensure Year 2000 compliance of all the financial systems via comprehensive testing and independent verification and validation by the Office of the Chief Information Officer.

- Comply with the Government Performance and Results Act.

FY 1998: Completed the agency's FY 1999 Congressional Budget Justification/Annual Performance Plan which integrated performance information with the budget request to meet the requirements of the Government Performance and Results Act. The plan links OPM's annual performance goals with the goals in our strategic plan, Federal Human Resources Management for the 21st Century.

FY 1999: Develop the Congressional Budget Justification/Annual Performance Plan for FY 2000 that effectively presents OPM's priorities, fully justifies our budget request and includes outcome-oriented performance goals.

- Actions taken in response to expressed customer needs.

FY 1998: Enhanced our procurement system and trained users on the new features.

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FY 1998: Refined the wide range of customized financial reports available electronically to OPM's program managers.

FY 1998: Implemented, jointly with the Office of Contracting and Administrative Services, a revised fare subsidy system.

FY 1998: Implemented Phase I of an electronic interface between the financial management system and Employment Service's Financial Tracking and Management Information System.

- Achieved timeliness of at least 98 percent for payments and at least 99 percent for collections.

PAYMENTS AND COLLECTIONS	FY 1997	FY 1998	FY 1999	FY 2000
Payments	89.3%	90.0%	97.0%	98.0%
Collections	51.0%	62.2%	95.0%	99.0%

FY 1998: Expanded the electronic data interchange capability for vendor invoices and payments and continued testing it with additional vendors.

FY 1999: Implement an electronic accounting system interface for purchase/travel credit cards and document the new procedures.

FY 1999: Decrease accounts receivable delinquency by improving the billing and collection processes, working in partnership with program managers and customers to resolve billing issues, and encouraging the use of credit cards and electronic payments.

FY 1999: Continue to improve OPM's Financial Management System by expanding the electronic interchange of data with OPM program systems and external parties (e.g., contractors, customers, and other Federal agencies).

- Improved responsiveness and on-time compliance for financial reporting to OMB and the Department of the Treasury.

FY 1998: Tested and implemented the FEDTAX II system for electronic reporting of Federal tax withholdings and payments to the Internal Revenue Service.

FY 1999: Complete the reconciliation of the cash accounts and clear all Statements of Difference in 30 days.

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FY 1999: Provide oversight to ensure the adequacy of management controls which safeguard assets and ensure accurate financial reporting. Coordinate with OPM programs, Inspector General, and OMB to execute corrective action plans that eliminate high risk areas.

- Documented and implemented policies, processes and procedures.

FY 1998: Completed documentation of accounts receivable. Accounts payable and cash management are in the final revision stage.

- Received positive feedback from the Quality Improvement Teams' ongoing reviews of the financial processing functions and results.

VERIFICATION AND VALIDATION

- Gauge, through frequent analysis, the financial condition (health) of our programs.
- Use the Inspector General, Independent Public Accountant (IPA) and GAO audit results.
- Use self-assessment guides/checklists.
- Use Quality Improvement Teams for cross-organizational problem-solving, to improve practices and to validate our performance measures.
- Use FMFIA analysis to verify and validate financial internal controls.
- Use automated system edit/error detection and documentation.
- Perform reconciliations of accounts to the general ledger and Department of Treasury cash balances.
- Use *point-of-service* and an annual customer satisfaction survey to receive feedback from customers.

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OFFICE OF THE GENERAL COUNSEL

The Office of the General Counsel (OGC) provides legal services, both representational and advisory, to the Director, Deputy Director, and programs within the Office of Personnel Management (OPM). The OGC is also a source of expertise for other Government agencies, Federal employees, and the public.

ANNUAL PERFORMANCE GOAL FOR FY 2000

OGC Goal: **Timely and high-quality legal expertise on Federal civil service law and**
FY 1999/2000 **related matters is provided to the Director, Deputy Director and OPM**
 programs.

Means:

- Represent OPM before the Merit Systems Protection Board (MSPB), the Equal Employment Opportunity Commission (EEOC), the Armed Services Board of Contract Appeals, and Federal courts in EEO cases, appeals of OPM's suitability and adverse action decisions, Government contract cases, retirement cases, and other litigation involving agency actions.
- Provide advice and counsel on internal and Governmentwide labor-management issues, and when necessary, represent OPM in litigation involving these issues before the Federal Labor Relations Authority (FLRA) and Federal courts.
- Continue to respond to Governmentwide inquiries involving reductions-in-force (RIF), agency reorganizations, employee buyouts, career transition services, and early out authority.
- Advocate legal review of cases which have Governmentwide significance at the MSPB and before arbitrators, and seek authorization to appeal those erroneous decisions which will have a substantial impact on the civil service to the Federal court of appeals.
- Review and approve procurement matters to strengthen OPM's procurement process, minimize the risk of contract related litigation, and successfully defend procurement actions, including actions under the Federal Employees Health Benefits Act (FEHB).
- Provide legal guidance and assistance to OPM managers related to OPM's contract for investigative services with US Investigation Services, Inc., an Employee Stock Ownership

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Plan company created by OPM during privatization. Share that privatization experience concerning legal issues with other Federal agencies considering privatization options.

- Communicate advice and information to OPM programs and offices so that they will be better equipped to recognize issues which have legal implications and carry out their program responsibilities in a manner that will reduce the agency's litigation risks.
- Resolve appeals of full or partial denials of information or refusals to amend documented information under FOIA/Privacy Act, and provide legal assistance to OPM and officials from other agencies on FOIA/Privacy Act matters.
- Process support garnishment and commercial garnishment actions affecting payments to OPM employees.
- Develop and issue internal regulations, policies, and instructions, and provide guidance to OPM employees on ethics. Review and provide guidance on the preparation and filing of public and confidential financial disclosure reports of OPM officials and employees.
- Execute the civilian pay and leave claims adjudication and advance decision functions.
- Adjudicate and settle claims involving employees' personal property, deceased employees' accounts, veterans benefits, and personal injury.
- Collect information relative to legal issues affecting the civil service.
- Continue to provide specialty training for attorneys and ensure that they have available to them the necessary technological resources needed to represent and advise the OPM Director and program officials.

Indicators/Performance Results:

- Defense of OPM in litigation before the MSPB and EEOC. See chart below.
- Support to the Justice Department in defending MSPB decisions sustaining OPM retirement decisions. See chart below.
- Support to the Justice Department in representing OPM in Federal court litigation. See chart below.

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In FY 1998 participated on a panel at the Assistant United States Attorneys' conference. Discussed settlement of EEO cases and OPM's settlement principles, including concerns about using the Retirement Fund as a settlement fund.

In FY 1998 successfully defended OPM, or assisted the Justice Department in defending, in hundreds of cases filed in administrative and judicial tribunals.

In FY 1998 participated in public COLA (Cost-of-Living Allowance) meetings in non-foreign allowance areas (Alaska, Puerto Rico, Virgin Islands, Hawaii and Guam) to inform attendees of the history of the COLA program, summarize pending litigation, recent legislation, and a recent memorandum of understanding, explain proposed research, provide a question and answer period, and solicit input from employees into proposed research. At the conclusion of the process OPM will prepare a report to Congress with recommendations for improvements in the program.

- Advocacy for appeal cases involving significant civil service issues to the Federal court of appeals. See chart below.

In FY 1998 pursued a legislative solution, working with the Office of Congressional Relations, to expedite the legal review of cases which have Governmentwide significance.

In FY 1998 testified before the Subcommittee on International Security, Proliferation and Federal Services of the Governmental Affairs Committee. The testimony concerned OPM's legislative proposal, S. 1495, to modify the Federal Circuit's discretion to hear OPM's appeals and extend the time period by which OPM must file an appeal with the Federal Circuit.

- Support of ethics and Hatch Act efforts.

In FY 1998 managed the agency's ethics program which includes the public financial disclosure system, confidential financial disclosure system, ethics education and training, counseling and advice, and a system of monitoring the outside employment activities and the acceptance of travel expenses from non-federal sources.

In FY 1998 issued final regulations governing the political activities of Federal employees who live in localities that are designated as partially exempt under provision of the Hatch Act Reform Amendments of 1993.

In FY 1998 issued final regulations dealing with agency relationships with organizations representing Federal employees and other organizations. The regulations reflect a provision

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in the Federal Employee Representation Improvement Act of 1996 which permits greater employee representation of employee organizations under certain circumstances.

- With regard to specific categories of administrative actions and litigation, the results and targets are as follows:

Appeals, Claims, etc.	Number of Cases		Number Resolved		Favorable to OPM		Unfavorable to OPM		Target Number of Cases	
	FY 1997	FY 1998	FY 1997	FY 1998	FY 1997	FY 1998	FY 1997	FY 1998	FY 1999	FY 2000
<i>RIF Appeals</i>	5	0	2	3	2	3	0	0	0	0
<i>Suitability Appeals</i>	32	28	30	28	30	28	0	0	40	25
<i>Adverse Action Appeals</i>	8	3	5	3	5	3	0	0	8	5
<i>EEO Actions</i>	80	55	16	13	16	12	0	1	90	60
<i>Federal Circuit Retirement Decisions</i>	251	126	158	116	152	106	6	10	270	150
<i>FEHB Claims</i>	36	14	13	18	13	15	0	4	40	20
<i>ALJ Part 300 Cases</i>	19	11	10	4	10	3	0	1	25	10
<i>Torts</i>	28	25	18	19	18	19	0	0	30	25

Reconsiderations	Number of Cases		Number Resolved		Favorable to OPM		Unfavorable to OPM		Target Number of Cases	
	FY 1997	FY 1998	FY 1997	FY 1998	FY 1997	FY 1998	FY 1997	FY 1998	FY 1999	FY 2000
<i>MSPB Reconsideration of OPM Petitions</i>	9	3	9	3	6	1	3	2	3	3
<i>Arbitrator Reconsideration of OPM Petitions</i>	0	1	0	1	0	1	0	0	0	0

FOIA/Privacy Act	Number of Cases		Number Resolved		Favorable to OPM		Unfavorable to OPM		Target Number of Cases	
	FY 1997	FY 1998	FY 1997	FY 1998	FY 1997	FY 1998	FY 1997	FY 1998	FY 1999	FY 2000
<i>FOIA/Privacy Act Initial Requests</i>	37	68	37	68	n/a	n/a	n/a	n/a	40	70
<i>FOIA Appeals</i>	16	36	16	36	n/a	n/a	n/a	n/a	20	40
<i>Privacy Act Appeals</i>	7	12	7	12	n/a	n/a	n/a	n/a	10	15
<i>FOIA/Privacy Act Litigation</i>	0	0	0	0	0	0	0	0	1	0

n/a = not applicable

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VERIFICATION AND VALIDATION

- Report to management when statistics show a pattern of significant increase in areas such as EEO cases filed, FOIA/PA actions appealed, and other litigation involving agency actions.
- Report to management on impacts of litigation.

OFFICE OF COMMUNICATIONS

The Office of Communications (OC) presents the messages, initiatives and achievements of OPM, develops new channels and techniques to promote awareness of the challenges and rewards of public service, and serves as frontline liaison in meeting both internal and external communications needs. OC conducts a responsive customer service program to handle OPM's public, media, and internal inquiries. Each year, thousands of inquiries are answered for statistics and facts about the Federal workforce and the civil service system.

In addition, the OC focuses outreach efforts to the media accredited to cover the White House, Senate and House of Representatives, and editorial boards across the nation, especially in areas with high numbers of Federal employees and retirees.

ANNUAL PERFORMANCE GOAL FOR FY 2000

OC Goal: **Human resources management assistance and information is provided to Federal agencies, the media, and the general public.**
FY 1999/2000

Means:

- Provide responsive customer service in handling OPM's public, media and internal inquiries.
- Establish an active outreach program to weekly newspapers, ethnic/community publications and broadcast outlets, and women's and veterans' media.
- Provide human resources management information to the public through OPM's Web site, which logs in more than 80,000 user sessions per week.
- Further the promotion of the agency's reimbursable services and products by serving as the OPM marketing coordinator. OPM's marketing exhibit and materials will continue to be

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disseminated to educate Federal agency activities, employees and the general public on human resources management programs and issues.

- Assist OPM's programs in developing, preparing and clearing print and electronic publications on human resources management programs and issues to ensure that they are accurate and consistent with OPM and Administration policies.
- Serve as the Secretariat to the Interagency Advisory Group (IAG) of Federal Personnel Directors. The Office of Communications anticipates coordinating approximately 35 IAG meetings in FY 1999.
- Communicate human resources management information to the IAG. In FY 1999, the Office of Communications will disseminate approximately 200 mission-critical notices to the IAG.
- Produce educational satellite broadcasts for the human resource management community in the Federal government, together with the IAG. There will be four Federal HR Forum satellite broadcasts in FY 1999.

Indicators/Performance Results:

- Customer satisfaction with OPM manuals, brochures, and reports.

OPM's FY 1998 Customer Satisfaction Survey reported satisfaction ratings of 93% (from HR Directors) and 87% (from HR Specialists) with the appearance of OPM manuals, brochures, and reports.

- Media coverage, outreach efforts and marketing consultation are expanded.

In FY 1998, expanded coverage of OPM in the media, including op-ed pieces, radio and TV talk shows.

In FY 1998, increased participation in coordinating OPM events, including town meetings, award ceremonies, and official visits.

In FY 1998, expanded outreach program efforts to weekly newspapers, ethnic/community publications and broadcast outlets, women's and veterans' media.

In FY 1999, increase marketing consultation efforts and promotion of OPM-sponsored conferences. Produce an OPM brochure.

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- Satisfaction of IAG committee members, officials and employees from other Federal agencies, and OPM employees with the satellite broadcasts. The feedback is reviewed and suggestions are considered when working with the IAG and when planning satellite broadcasts.

In FY 1998, produced four educational satellite broadcasts for the Federal human resource management community together with the Interagency Advisory Group of Federal Personnel Directors. The schedule of quarterly broadcasts will continue in FY 1999.

In FY 1998, advanced customer relations and external communications by way of modern electronic technology. It is estimated that OPM's Internet Web site will have approximately four million file openings in the upcoming year.

OPM's FY 1998 Customer Satisfaction Survey reported satisfaction ratings of 39% (from HR Directors) and 47.8% (from HR Specialists) for the usefulness of OPM briefings, forums, workshops, and satellite broadcasts as a means of sharing information. In FY 1999, OC is committed to a 5% increase in satisfaction ratings.

OPM's FY 1998 Customer Satisfaction Survey reported satisfaction ratings of 92.9% (from HR Directors) for the appearance of OPM Web page and 61.5% (from HR Specialists) on the usefulness of OPM's websites. In FY 1999, OC is committed to a 5% increase in the satisfaction rating from HR Specialists.

OPM's FY 1998 Customer Satisfaction Survey reported a satisfaction rating of 54.2% (from HR Directors) on the usefulness of IAG Executive Committee meetings as a means of sharing information. In FY 1999, OC is committed to a 5% increase in satisfaction ratings.

VERIFICATION AND VALIDATION

- The number of positive mentions of the agency in print and electronic media validates OC efforts. OC expects that coverage on television will continue to increase and will collect records of all such coverage. OC subscribes to a news clipping service for a record of nationwide coverage and contracts with video monitoring services to acquire tapes of television coverage.
- Client access to information will be measured by comments and electronic mail transmitted to the News and Complaints mailboxes on the OPM Web site. OC monitors, responds and/or forwards such correspondence. Continuous customer feedback suggests that OPM's customers increasingly look to the Web site for downloadable files and other information.

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- Viewer and moderator surveys provide feedback on the effectiveness of information provided on the satellite broadcasts. The IAG Executive Committee and Satellite Broadcast Advisory Board provide feedback on the broadcasts.
- Marketing efforts primarily consist of guidance and assistance to the program offices which have products/services/information to market. OC encourages more marketing feedback activities; e.g., follow-up to warm leads; survey of exhibit visitors; collection of registration/business cards at marketing venues, etc.

OFFICE OF CONGRESSIONAL RELATIONS
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The Office of Congressional Relations (OCR) provides liaison between OPM and Congress, Congressional staff, interest groups, the White House and other Federal agencies on legislative matters affecting Federal human resource policies and practices. OCR develops strategies for the design and implementation of OPM's legislative program and analyzes and responds to congressional initiatives which impact Federal human resource management issues.

ANNUAL PERFORMANCE GOAL FOR FY 2000

OCR Goal: **Guidance and assistance is provided to agency management and to Congress in the development of human resource management policies and programs to promote a merit-based and cost-effective Federal service and the optimum balance of Governmentwide consistency and agency-specific flexibilities.**

Means:

- Maintain effective representation of OPM and the Administration to Members of Congress and their staff so as to enable the OPM Director to exercise leadership in Congressional consideration of Federal human resource related legislation and other Congressional matters.
- Develop and coordinate OPM's strategy for the implementation of legislative recommendations. Analyze legislation and prepare legislative materials such as bill reports, testimony. Provide technical assistance to the Congress on human resource matters.

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- Manage OPM's legislative planning process to ensure full consideration of OPM initiatives by both the Administration and the Congress.
- Respond quickly and thoroughly to requests for assistance from Congressional committees and Members' offices. OCR responds to hundreds of referrals, requests for comment on legislative proposals from the Office of Management and Budget (OMB) and thousands of inquiries made by phone, letter or in person by Congressional staff.

Indicators/Performance Results:

- Enactment of the legislative proposals put forth by OPM and the Administration with regard to Federal human resource management issues.

In addition to three proposals submitted to Congress in 1998 that are likely to be reintroduced, ten or more new proposals are expected to be submitted, in FY 1999.

In FY 1998, Administration clearance to forward 9 legislative proposals was granted. Of those proposals all or part of six proposals were enacted into law. It is anticipated that more than 10 proposals will be forwarded in FY 1999.

In FY 1999 and FY 2000, OCR plans a proactive legislative agenda in support of the OPM Strategic Plan and Human Resources Initiatives.

- Positive feedback from Congressional staff, employee organizations, OPM policy offices, interest groups, other executive agencies and OMB as indicated in meetings, routine discussions and written letters of commendation to ensure OCR meets the needs of those served.
- Maintain ability to handle testimony, referrals and inquiries.

During FY 1998, the OCR provided legislative analysis, drafting assistance and policy review in response to Office of Management and Budget referrals. OCR reported orally or in writing on:

*182 OMB referrals on House and Senate bills
121 OMB referrals on agency drafts of legislation
13 OMB referrals on miscellaneous budget and conference provisions
18 OMB referrals on draft executive orders
15 OMB referrals on presidential memorandum
60 OMB referrals on hearings*

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32 OMB referrals on OPM legislative proposals

In FY 1998, there were over 47,000 phone calls, 21,000 letters, and 7,000 visits from Congressional staff.

Workload	FY 1998 Actual	FY 1999 Estimate	FY2000 Estimate
<i>Congressional hearings</i>	19	19	15
<i>OMB Referrals</i>	441	400	375
<i>Congressional policy inquiries</i>	1,481	1,500	1,500
<i>Technical Assistance</i>	18	18	18

In FY 1999, continue work on upgrading technology to expand the range of annuitant inquiries that can be handled electronically.

VERIFICATION AND VALIDATION

- Receive feedback through daily contacts with congressional staff, regular meetings with agency stakeholders and frequent meetings with OPM program offices.
- Provide feedback regarding legislative agenda to OPM policy offices based on communications with employee organizations and congressional staff.
- Submit OPM legislative initiatives to OMB for clearance and feedback from agencies with a coordinating or crosscutting interest.
- Closely monitor OPM correspondence tracking system and facilitate more expeditious response to congressional correspondence.
- Update system for tracking legislative, policy and casework issues.

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PRESIDENT'S COMMISSION ON WHITE HOUSE FELLOWSHIPS

Executive Order 11181, as amended, established the President's Commission on White House Fellowships (WHF) to provide gifted and highly motivated Americans with firsthand experience in the process of governing the Nation and a sense of personal involvement in the leadership of society. The Order also requires OPM to provide administrative assistance to the Commission.

ANNUAL PERFORMANCE GOALS FOR FY 2000

WHF Goal 1: A broad range of qualified applicants are attracted to the fellowship program in order to spread the benefits of this leadership development and public service opportunity to remarkable men and women of all backgrounds and professions throughout the U.S.

Means:

- Intensify use of successful outreach tactics, such as: increased alumni participation, updated application brochure, reconstructed Internet Web site and media information.
- Expand work to raise the public profile of the program through existing networks and contacts.
- Continue to involve more people in recruitment through various means such as regional panel service, exposure to the Fellows during travel, and further develop constituency connections.

Indicators/Performance Results:

- Statistical profiles of applicants and fellows.

<i>Performance Indicators</i>	<i>Class of 1993-1994</i>	<i>Class of 1994-1995</i>	<i>Class of 1995-1996</i>	<i>Class of 1996-1997</i>	<i>Class of 1997-1998</i>	<i>Class of 1998-1999</i>
<i>No. of Applicants</i>	---	---	---	---	425	541
<i>Male</i>	---	---	---	---	271	360
<i>Female</i>	---	---	---	---	154	181

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Performance Indicators	Class of 1993-1994	Class of 1994-1995	Class of 1995-1996	Class of 1996-1997	Class of 1997-1998	Class of 1998-1999
No. of Fellows	17	17	14	18	15	17
Male	11	11	9	8	11	10
Female	6	6	5	10	4	7
Percent Minority	47%	35%	29%	30%	33%	47%
African-American	5	2	2	4	2	2
Latino	1	3	1	1	1	2
Native American	1	0	0	0	0	0
Asian	0	1	1	1	1	3
Other	1	0	0	0	1	1

In FY 1998, doubled the number of placement opportunities available to incoming Fellows as a result of improved relations with staff and principals of both the Executive Office of the President and Cabinet level agencies. Showcasing the Fellows to a broader range of agencies helps build a stronger case for placement while giving the Fellows unique exposure to the variety of work accomplished in the various departments and agencies they visit.

In FY 1999-2000, work with the Office of Presidential Personnel, make changes in the composition of the President's Commission on White House Fellowships to increase diversity (and thus fairness in the selection process) and to encourage more participation of Commission members in the program.

➤ **Quality of applicant pool.**

In FY 1998, implemented strategic plan for outreach that included increased involvement by alumni of the program, new partnerships with White House agencies dedicated to constituency outreach, an upgraded website with a downloadable application form, and the development of new outreach tools such as a video message from President Clinton, a power point presentation, talking points and a new application brochure.

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**WHF Goal 2: The selection process is efficient and fair.
FY 1999/2000**

Means:

- Continue to involve more alumni in the initial stages of selection.
- Expand use of prominent citizens from various regions of the country in the initial interviews of candidates.
- Organize the selection process in a manner that provides opportunities to expand outreach and to raise the public's awareness of the fellowship program.

Indicators/Performance Results:

- Meet schedule for each phase of selection, as follows:
 - Select 84-120 regional finalists by mid-March
 - Interview regional finalists and select finalists by May 3
 - Conduct final selection June 3-6
 - Submit Commission's recommendations to President June 7

In FY 1998, significantly enhanced the program's quarterly newsletter to improve communication between the program and its alumni, Commissioners and friends.

In FY 1998, successfully carried out the new selection timetable that decreased the amount of time between application and final decision from seven months to four months. One goal of the new timetable was to increase the number of applicants from business fields by keeping the deadline and decision within a single calendar year. Nearly 18% of all applicants were from business fields, an increase of nearly 13%.

In FY 1998, implemented a new system for alumni reading of applications that allowed 25% of all alumni to participate thus achieving the goal of increasing alumni involvement in the program and relieving workload pressure on program staff.

In FY 1998, successfully streamlined administrative systems, upgraded computer systems and electronic communication both internally and externally, and put into place a calendar-based checklist of tasks to improve efficiency in the implementation of the selection, placement and education of the Fellows.

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WHF Goal 3: The management of the fellowship program can be replicated by new staff in anticipation of a change in administration.

Means:

- Finish the project to describe and date all tasks involved with the recruitment, selection, placement, and education of the Fellows, as well as the administration of the program and management of the Commission.
- Continue to upgrade and streamline office processes and systems to improve efficiency and effectiveness.

Indicators/Performance Results:

- Program runs smoothly and meets deadlines.

In FY 1998, upgraded the involvement of the President's Commission in the program by involving Commissioners in substantive discussions of Administration policy with Administration officials as part of their mid-year meeting. This resulted in increased and improved relations between individual Commissioners and the fellowship program.

In FY 1999-2000, create a presentation kit using power point software to allow alumni and friends to market the fellowship program independently and professionally. This initiative should reduce travel costs by reducing the need for program staff to attend out-of-town outreach events.

In FY 1999-2000, streamline and reorganize the job descriptions of program staff to eliminate the need for a consultant and to prepare for potential staff changes.

- Fellows are selected and placed in FY 1999 and FY 2000 as efficiently and effectively as in FY 1998.

In FY 1998, created and disseminated a White House Fellows Program Manual for use by departments and agencies who are assigned a White House Fellow. In FY 1999-2000, update and improve the Program Manual to keep Human Resources officers in agencies and departments that have White House Fellows informed about processes involved in managing the fellowships.

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In FY 1999-2000, implement a plan to bring the office into full Year 2000 compliance including the replacement of two personal computers and the upgrading of network software.

VERIFICATION AND VALIDATION:

- Survey professionals, alumni and regional panelists for assessment of program quality, during October and November of each year.
- Report from the President's Commission on assessment of quality and diversity at the final stage of selection.
- Executive Office of the President and departments are well served by the Fellows and the program.
- Fellows report to the President's Commission which provides oversight.

TRANSFERS FROM THE TRUST FUNDS

COMPARATIVE SUMMARY STATEMENT

(dollar amounts in thousands)

Obligations:	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request	FY 2000 Change
Retirement and Insurance Service *	\$105,270	\$113,275	\$108,307	(\$4,968)
Administrative Services	962	2,909	2,909	0
Executive and Other Services	3,004	3,825	3,825	0
Total	\$109,236	\$120,009	\$115,041	(\$4,968)
Offsetting Collections:				
Annual	\$91,114	\$91,236	\$91,486	\$250
Carryover	250	---	---	0
Permanent Indefinite Authority, Title V	16,461	19,555	19,555	0
New No-Year	---	---	4,000	4,000
Prior No-Year	1,411	9,218	---	(9,218)
Total	\$109,236	\$120,009	\$115,041	(\$4,968)
Trust Funds Budget Authority:				
Annual	\$91,236	\$91,236	\$91,486	\$250
No-Year	---	---	4,000	4,000
Total	\$91,236	\$91,236	\$95,486	\$4,250
Carryover	\$250	---	---	0
Grand Total	\$91,486	\$91,236	\$95,486	\$4,250
Outlays	\$109,236	\$120,009	\$115,041	(\$4,968)
Full-Time Equivalents:				
Retirement and Insurance Service	1,238	1,280	1,280	0
Administrative Services	25	31	31	0
Executive and Other Services	33	46	46	0
Total	1,296	1,357	1,357	0

* Note: Obligations for Retirement and Insurance include no-year funds and Title V, which provides permanent indefinite authority.

TRANSFERS FROM THE TRUST FUNDS

OBLIGATIONS BY OBJECT CLASS

(dollar amounts in thousands)

OBJECT CLASS	FY 1999 Estimate	FY 2000 Request	Change
Personnel Compensation	\$60,484	\$62,495	\$2,011
Personnel Benefits	13,476	14,044	568
Benefits for Former Personnel	50	50	0
Travel and Transportation of Persons	371	371	0
Transportation of Things	87	87	0
Rental Payments to GSA	8,750	8,750	0
Communications and Utilities	8,243	8,243	0
Printing and Reproduction	1,632	1,632	0
Advisory and Assistance Services	2,166	397	(1,769)
Other Services	21,801	16,021	(5,780)
Supplies and Materials	1,188	1,189	1
Equipment	1,761	1,762	1
Total Obligations	\$120,009	\$115,041	(\$4,968)

TRANSFERS FROM THE TRUST FUNDS

RETIREMENT AND INSURANCE SERVICE

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$105,270	\$113,275	\$108,307	(\$4,968)
Annual	\$87,148	\$84,502	\$84,752	250
Carryover	250	---	---	---
Permanent Indefinite Authority, Title V	16,461	19,555	19,555	---
No Year	<u>1,411</u>	<u>9,218</u>	<u>---</u>	<u>(\$9,218)</u>
Total Obligations	\$105,270	\$113,275	\$104,307	(\$8,968)
No-Year New Obligational Authority	---	---	\$4,000	\$4,000
 Full-Time Equivalents	 1,238	 1,280	 1,280	 ---

DESCRIPTION OF ACTIVITY

The Retirement and Insurance Service (RIS) administers the Civil Service and Federal Employees Retirement programs; the Federal Employees' Group Life Insurance Program; the Federal Employees Health Benefits Program; and the Retired Federal Employees Health Benefits Program. Its mission is to provide fast, friendly, accurate, and cost-efficient benefit services to Federal agencies, employees, annuitants, and their families. This mission is a vital part of the Government's effort to recruit and retain a Federal workforce equipped to meet the challenges of the 21st century.

Key components of the Retirement and Insurance Service are described below:

The Retirement Program acts as the personnel and payroll office for 2.4 million retired Federal workers and their survivors covered under the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). It makes benefit determinations in accordance with sound benefit policy and applicable laws and regulations, processes over 4 million workload items per year, ranging from the initial decision on eligibility and the amount of an annuity to

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recording changes in beneficiaries' addresses. Finally, it develops policies, regulations, and proposals to improve the competitiveness and administration of the Retirement Programs.

The Insurance Program negotiates and administers contracts with approximately 285 health insurance carriers and the Metropolitan Life Insurance Company to provide insurance benefits at a reasonable cost to eligible employees and annuitants enrolled in the Federal Employees Health Benefits (FEHB) and Federal Employees' Group Life Insurance (FGLI) programs. Also, it conducts annual FEHB Open Seasons and FGLI Open Seasons as required, monitors use and benefit trends within the health and life insurance industries, and implements program changes directed by the Administration and Congress. Finally, the Insurance Program decides disputed claims between FEHBP enrollees and carriers.

Through its **Financial Management** program, RIS maintains financial oversight and control over the OPM Retirement and Insurance Trust Funds and prepares accounting and program performance reports for the Department of the Treasury, the Office of Management and Budget, and Congress according to guidelines issued by the Chief Financial Officer. Also, it ensures that benefit program and administrative resources are used effectively, and continuously evaluates retirement and insurance products to determine if they meet established standards.

To fulfill these responsibilities, RIS recruitment efforts are targeted toward job competencies that support both the OPM and RIS missions, such as customer service and interpersonal skills, accounting and financial analysis, information technology, and benefits policy. As needed, RIS hires contractors to supplement its information technology staff. All of RIS' mission critical and non-mission critical automated systems have been, or are being, renovated to meet Y2K-compliance standards, and RIS staff are being trained in-house in new standards and applications.

FY 2000 Priorities

The Retirement and Insurance has identified six priorities for FY 2000 in support of the OPM priorities described in the Executive Summary.

Long-Term Care and New Life Insurance Products (RIS Goal 3) - The President has made long term care (LTC) one of his priorities for the FY 2000 Budget and is looking to OPM to serve as a model employer by making sound LTC products available to Federal employees and retirees. RIS has already responded and worked closely with staff from the Department of Health and Human Services to develop a legislative proposal to enable OPM to contract for these products. RIS expects to support the enactment of this important legislation in FY 1999 and to competitively select one or more LTC vendors sometime in FY 2000. RIS will then begin an extensive and intensive educational initiative and make the products available for purchase. RIS

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also anticipates implementing complementary enhancements to the Federal Employees' Group Life Insurance Program during FY 2000.

Quality-Driven Health Care (RIS Goal 9) - The Federal Employees Health Benefits (FEHB) Program continues to be widely cited as a model by other programs such as those for military retirees and Medicare. In FY 2000, RIS will continue to strengthen its leadership role in the health insurance industry by building and maintaining strong relationships with the National Commission for Quality Assurance (NCQA), the Health Care Financing Administration (HCFA), the Department of Health and Human Services, the Foundation for Accountability (FACCT), and the Quality Inter-Agency Coordinating Task Force (QuIC). In addition, RIS will communicate additional qualitative information to consumers of FEHB Program products enabling them to make increasingly informed decisions in their selection of health plans. RIS communication strategy will become more tailored to individuals' personal needs and situations with interactive products such as Web sites, compact discs and interactive voice response systems. Finally, RIS will continue to strengthen the Government's health benefits program beyond the year 2000, including new ways of offering mental health benefits. These efforts will ensure that the FEHB Program continues to serve as a model for the Nation.

Retirement Systems Modernization (RIS Goal 15) - Retirement Systems Modernization is central to the Retirement and Insurance Service's efforts to meet its long term customer service, business process, and financial management goals. As the portion of the employee and annuitant populations covered by the Federal Employees Retirement System (FERS) grows, the Service's ability to make substantial and sustained progress in customer service will be diminished without fundamentally redesigned systems. Current business methods and automated systems do not effectively support FERS record-keeping and claims processing requirements and are built on an inflexible and outdated technological platform. During FYs 1998 and 1999, RIS and its business partners selected a new model for future operations and completed a comprehensive, detailed business reengineering effort, and will develop early, small scale system improvements. In FY2000 and over the next 5 to 7 years, RIS will begin developing and implementing the systems that will make its plans a reality.

Customer Service Improvements (RIS Goals 6, 12, and 13) - During FY 1999, RIS will provide all new retirees under the Civil Service Retirement System with personalized and detailed information regarding their retirement, health and life insurance benefits when they begin receiving their regular annuity checks. In FY 2000, RIS will expand this detailed and personalized information to survivor annuitants as well.

RIS also will make further enhancements to the benefit program Web pages by providing information directly affecting the benefits programs, including profiles of the myriad health benefits plans and a calculator for determining the cost of Federal Employees' Group Life

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Insurance coverage options. The Web site will be equipped with an interactive function that will allow retirees and survivors to execute a broad range of allotment and other transactions on their benefit payment accounts including starting, changing, and stopping their federal and state income tax withholdings, buying or canceling US savings bonds, requesting duplicate tax information or verification of income statements, and changing both payment and mailing addresses.

Finally, the Web site will provide agencies with new automated tools to improve retirement counseling for active employees. These tools will enable agency benefits officers and counselors to provide accurate, prospective annuity and survivor annuity estimates that will provide employees and their families with information for financial planning.

Financial Systems Improvements (RIS Goal 5) - Over the past several years, RIS has made significant investments in its financial management infrastructure to ensure the integrity of the employee earned benefit program Trust Funds. These initiatives have included increased oversight programs, installation of a new financial management system, and addressing material weaknesses in policy and procedures. RIS' efforts have resulted in unqualified opinions on the Retirement and Life Insurance Program Trust Funds financial statements, directly supporting the Administration's initiative to produce Governmentwide audited financial statements. During FY2000, RIS will continue to focus on eliminating identified material weaknesses including the integration of its financial subsystems with its new general ledger, and improved financial operations and procedures.

**ANNUAL PERFORMANCE GOALS FOR FY 2000
BY STRATEGIC PLAN GOAL AND OBJECTIVE**

OPM STRATEGIC PLAN GOAL I:

***PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE
FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.***

FY 2000 RESOURCE SUMMARY: Obligations (000): \$14,950 Full-Time Equivalents: 244

[This includes \$250,000 to establish a *Center for Benefits Design and Delivery* discussed in RIS Goal 3 that will contract with actuarial and benefits consulting organizations to identify, analyze, and react quickly to market trends in benefits design.]

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COMPENSATION, CLASSIFICATION, AND BENEFITS

- Become an acknowledged leader in the design and provision of cost-effective employee earned benefit programs.

RIS Goal 1 A Long-Term Care program is implemented for Federal employees and annuitants, providing that authorizing legislation is passed.
FY 1999/2000:

Means:

- During FY 1999, OPM introduced a Long-Term Care program for Federal employees, annuitants, and family members. Agency representatives have been working closely with staff from the Department of Health and Human Services to develop a benefit package that will reflect current and anticipated market conditions and give the Federal population the opportunity to purchase a quality product at a group discount rate.
- OPM will work closely with Congressional oversight committees, the Administration, and representatives from the agencies and industry during FY 1999 to define the goals, benefits, structure and financing of a long-term care program.
- If authorizing legislation is passed during FY 1999, RIS will develop in FY 2000 implementing regulations and guidance for the agencies, active employees, and retirees, and conduct open enrollment period, etc. as required by the legislation. The specifics for implementing a Long-Term Care program will remain uncertain until authorizing legislation is passed.

Indicators/Performance Results:

- Long-term Care program is implemented within timeframes described in authorizing legislation.
- Agency HR Directors and Specialists are satisfied with OPM's policy, technical assistance, and guidance materials for implementing a Long-Term Care program. To obtain an indication that OPM is meeting the agencies' needs regarding policy, technical assistance, and guidance materials for implementing a Long-Term Care program, OPM will develop new questions for the FY 2000 OPM Customer Satisfaction Survey that specifically measure agency HR Directors' and Specialists' satisfaction with these support vehicles.

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**RIS Goal 2 New life insurance products are offered to Federal employees and
FY 1999/2000: annuitants.**

Means:

- During FY 1999, RIS will use results of FY 1998 life insurance program survey as basis for developing proposals for new life insurance products.
- Working closely with Congressional oversight committees, the Administration, and representatives from the agencies and industry during FY 1999 RIS will define the goals, benefits, structure and financing of the new insurance products.
- If authorizing legislation is passed during FY 1999, RIS will develop in FY 2000 implementing regulations and guidance for the agencies, active employees, and retirees, and conduct open enrollment period, etc. as required by the legislation. Similar to the Long-Term Care program, the specifics for implementing new life insurance products will remain uncertain until authorizing legislation is passed.

Indicators/Performance Results:

- New life insurance products are implemented within timeframes described in authorizing legislation.
- Agency HR Directors and Specialists are satisfied with OPM's policy, technical assistance, and guidance materials for implementing new life insurance products. To obtain an indication that OPM is meeting the agencies' needs regarding policy, technical assistance, and guidance materials for implementing new life insurance products, OPM will develop new questions for the FY 2000 OPM Customer Satisfaction Survey that specifically measure agency HR Directors' and Specialists' satisfaction with these support vehicles.

**RIS Goal 3 Flexible, responsive, and cost-effective employee benefit policies and
FY 1999/2000: packages are developed by a *Center for Benefits Design and Delivery*.**

Means:

- RIS will combine the additional resources requested with existing staff in its policy, actuarial, and budget and financial analysis functions to build on the information developed under the

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FY1998 Benefits Vision Study to review new employee benefit options and develop a model to serve as the Government's new *benefits platform* and will draft the legislation needed to implement the new model.

- RIS will expand partnerships with other organizations in the benefits industry to assess the family friendliness of insurance carriers, benefits offerings and informational materials; understand trends in customer needs regarding health care and other benefits; and develop industry-wide standards for consumer information and health care quality and outcome measures.

Indicators/Performance Results:

RIS has expanded on the performance measure described in the OPM Strategic Plan pertinent to the benefits vision study so that it specifies the sources of evaluations regarding the competitiveness of Federal benefits.

- Respond to emerging benefits design and policy needs.

The Retirement and Insurance Service began a Benefits Vision project in 1997 to examine how the Government should design its non-salary compensation to be a competitive employer over the next 5 to 10 years. RIS completed the first step of the project, a contract study on non-salary compensation practices and future trends among non-Federal employers, in August, 1997. In 1998, RIS worked on the second step of the project, a seminar for high-level Federal human resources officials to report the results of our study, and to determine if there is consensus on adjusting the Government's non-salary compensation programs and delivery systems.

RIS addressed growing concerns about the quality of managed health care in FY 1998 by implementing the Patients Bill of Rights across the entire FEHB Program. This included publishing final regulations that prohibit health plans from imposing a "gag rule" limiting the disclosures physicians may make to patients regarding treatment options.

- Organizations outside of OPM recognize RIS' leadership in the benefits industry

OPM's leadership in the health insurance marketplace has been recognized in a number of forums. The Agency is especially proud of the special award received from the Small Business Administration for efforts to promote the interests of small and disadvantaged businesses in the FEHB Program.

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- External studies indicate federal employee benefits are competitive with those offered in the private sector.

Studies published after FY 2000 by outside observers, consultants and other organizations (i.e., the Hay Group) indicate that Federal benefits are competitive with those available from other large employers.

- Results from OPM Customer Satisfaction Survey indicate that OPM is meeting the agencies' policy needs in the area of earned employee benefits.

RIS Goal 4 Retirement coverage errors are corrected for all people affected, in a way that is easy to understand and can be effectively administered.
FY 1999/2000:

Means:

- RIS will work with congressional oversight committees to develop a consensus on final legislation to correct retirement coverage errors.
- When the legislation is passed, RIS will develop and implement with agencies and affected persons an operational plan to effect the legislation quickly.
- RIS will continue working with the Interagency Network on Retirement and Insurance issues to keep agencies and their benefit counselors informed of this legislative and policy issue.

Indicators/Performance Results:

- Increase the level of satisfaction among agency Human Resource Directors and Specialists regarding OPM's policy leadership regarding the correction of retirement coverage errors (the percentage of increase is shown parenthetically). Since this legislation has not been passed into law, the FY 1999 OPM Customer Satisfaction Survey established a baseline only for agency satisfaction with OPM's policy leadership and agency involvement with developing the legislative proposal. If enacted during FY 1999, OPM expects to use the FY 2000 Survey to establish baseline performance levels regarding agency satisfaction with the technical assistance and guidance it will develop to assist agencies in correcting these errors.

<u>Audience</u>	<u>Policy Leadership</u>	<u>Agency Involvement</u>
HR Directors	90% (1%)	80% (1%)
HR specialists	60% (5%)	57% (5%)

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OPM STRATEGIC PLAN GOAL II:

PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND EVALUATION PROGRAM.

FY 2000 RESOURCE SUMMARY: Obligations (000): \$11,563 Full-Time Equivalents:130

- By the year 1999, resolve material weaknesses and improve financial systems and internal controls to maintain the integrity of the benefit trust funds totaling more than \$60 billion in annual benefit payments and OPM's appropriated and reimbursable funds.
- Ensure Federal Employees' Health Benefits and Federal Employees' Group Life Insurance contract compliance through financial and performance audits and quality assurance standards.

RIS Goal 5 **The financial oversight of the employee benefit trust funds is strengthened in that (a) the FY 2000 Trust Fund annual financial statements receive unqualified opinions from an independent auditor, (b) the earned benefit financial sub-systems are integrated with the new general ledger installed in early FY 1999, and (c) financial policies and procedures supporting the earned benefit financial systems are properly documented and comply with applicable requirements and standards.**

FY 1999/2000:

Means:

- In FY 1998, RIS made its most significant stride toward resolving weaknesses in its earned benefit program financial management systems by installing a new General Ledger that meets the requirements of the Federal Financial Management Improvement Act. In FY 1999, the RIS' financial management staff will complement this effort by installing new Investment Management and Accounts Receivable modules, and focus on integrating these new systems with the remaining legacy financial management and benefits record keeping and processing systems.
- RIS will expand overall system capabilities to include functions currently performed by stand-alone systems, including modernizing the Accounting Control File System

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(reclamation of post-death retirement payments), check cancellation, and recertification systems.

- RIS will build on carrier financial reporting requirements implemented in FYs 1998 and 1999 so that all FEHBP Experienced-rated Carriers submit audited annual financial statements in accordance with contract requirements.
- OPM's Federal payroll office oversight and monitoring program will be expanded by RIS through on-site visits to payroll offices, including reviews of payroll records and audit findings that pertain to the administration of the employee benefit programs.
- RIS financial policy and management staff will establish adequate cost accounting standards and continue working with carriers participating in the health benefits and life insurance programs and require that their annual financial statements are audited.
- RIS financial policy staff will continue to document accounting policies and procedures and produce needed procedural manuals for financial management staff to ensure that these policies and procedures are followed.

Indicators/Performance Results:

- The FY 1997 annual financial statements, audited in FY 1998, for the Retirement and Life Insurance programs receive "unqualified opinions" from the independent auditing firm.

RIS made excellent progress in its oversight of the employee benefit trust funds by receiving "unqualified" opinions on two of the three the Trust Fund annual financial statements. This year, an Independent Public Accounting firm certified that the FY 1997 statements for the Civil Service Retirement and Disability and Federal Employees Group Life Insurance Funds met this standard. A critical part in securing these opinions was the extensive review of the entire annuity roll conducted by RIS staff, in conjunction with staff from the independent auditor, KPMG Peat Marwick, OPM's IG, and the General Accounting Office. This review validated the internal controls we have in place for retirement trust fund disbursements and demonstrated that these disbursements are 94% accurate.

- The FY 2000 annual financial statements for all of the three benefit programs, published in FY 2001, receive "unqualified opinions" from the independent auditor firm.
- Financial policies and procedures are documented as planned.

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In pursuit of resolving other weaknesses in its financial management systems, RIS began the task to develop an internal Financial Management Manual that documents the many policies and desk procedures used by our accounting staff in processing and recording financial transactions. Consequently, OPM contracted with the Department of the Treasury's Center for Applied Financial Management to develop an Accounting manual. This project and its associated contract will extend at least through Fiscal Year 1999. To date, the Center has delivered documentation for ten systems and/or processes.

- Financial Management Manual is completed and distributed to RIS accounting staff by mid-FY 2000.
- The OPM FMFIA assurance letter for FY 2000, published in FY 2001, shows that identified material weaknesses in benefit program's internal and management controls are resolved. This will be measured in FY 2001.
- The audit reports of the benefit programs' FY 2000 annual financial statements, published in FY 2001, describe no new material weaknesses in internal controls.

OPM STRATEGIC PLAN GOAL III:

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS AND ENVIRONMENT OF THE 21ST CENTURY.

FY 2000 RESOURCE SUMMARY: Obligations (000): \$1,583 Full-Time Equivalents: 23

- By the year 2000, improve agency administration of the earned benefit programs so that (a) 80% of all retirement submissions are received within 30 days of employee retirement dates, (b) most retirement application packages are ready for processing upon receipt at OPM, and (c) employees receive from their agency complete and timely retirement counseling and services pertinent to the earned benefit programs.

RIS will continue as a leader in providing high quality information about Federal benefits and the interrelationships of Federal earned benefits programs, and improve the administration of these programs through the agencies and other business partners. To accomplish this, RIS will expand its initiatives to use technology to improve the quality of information that is available to its customers--agency benefits officers, benefits contractors, and Federal employees -- and to

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develop tools that allow agency benefits officers to focus on the value added components of their jobs, such as employee counseling and making determinations affecting benefits administration, rather than serving only as a conduit for information dissemination and a processor of paperwork.

RIS Goal 6 **Benefits information is more easily available to both agency benefits officers and employees, and is written in *Plain Language*.**
FY 1999/2000:

Means:

- RIS will continue the development of tools like the Benefits Center CD-ROM that allow employees to have direct access to information that helps them become informed about their benefits and make sound decisions.
- RIS will update and enhance the Benefits Center to make it interactive and allow users to obtain more personally tailored information.
- Decision support systems that provide benefits officers with the information they need when they need it will be developed by RIS and deployed through the OPM Web site.
- RIS will acquire the services of a communications specialist to recast in *Plain Language* the CSRS and FERS Handbook, RIS pamphlets, and other informational materials and make them available in a variety of formats such as web access, CD-ROM, and hard copy, depending on customer needs.

Indicators/Performance Results:

- Responsiveness to sudden changes in policy direction is demonstrated.

During FY 1998, RIS showed its ability to adapt to sudden change by meeting the tight deadline set by Congress to conduct a CSRS to FERS Open Season. Within 4 months, it provided comprehensive guidance to agency personnel officers and benefit counselors, revised and published a new FERS Transfer Handbook, and constructed a FERS Opportunities Web site that as of May 15 had been accessed by over one quarter of a million users.

- Technical assistance needs of agency benefit counselors and employees are met.

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RIS produced three 90-minute interactive satellite broadcasts to provide agency benefit counselors and employees with up-to-the-minute information about Open Season issues.

- Increase agency HR Specialists' satisfaction with information sharing, technical assistance, and guidance materials regarding the employee benefits programs.

To establish an indication of the increased availability of such information, RIS used the results of the FY 1999 OPM Customer Satisfaction Survey to determine HR specialist satisfaction with certain program areas where improvements in information sharing and technical assistance were made. Also, satisfaction with several specific products that were re-published during FY 1998 was determined, as shown below.

<u>Program Area</u>	<u>Information Sharing</u>	<u>Technical Assistance</u>
<i>FEHB Open Season</i>	93%	90%
<i>FEGLI Coverage</i>	93%	89%
 <u>Guidance Materials</u>		
<i>Benefits Center CD-ROM</i>	72%	
<i>FEGLI Handbook</i>	91%	
<i>CSRS/FERS Handbook</i>	94%	

- For FY 2000, RIS will use the Survey for other similar initiatives and products, and to determine the extent to which HR Specialists find benefits information is (a) easily accessed via the Web, CD-ROM, and other electronic media, and (b) that this information is easy to read and understand.

**RIS Goal 7 Agency and Health Benefit plan personnel are more knowledgeable
FY 1999/2000: about the administration of the earned benefit programs and are better
 able to provide benefits counseling and related assistance to Federal
 employees and retirees.**

Means:

- RIS will conduct conferences with the carriers participating in the FEHB Program to surface and resolve program issues, improve communications between OPM and these strategic partners, and broaden the knowledge of carrier staff regarding the Program.
- Interactive training modules, using Internet and CD-ROM technology, will be developed by RIS to provide just-in-time-training on benefits administration.

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- RIS will develop a benefits administration certification program to insure a high quality level of training and knowledge for benefits administration.
- Web pages related to the employee benefit programs (Federal Benefits, Retirement Programs, FEHB, FEGLI) on OPM's Web site will be enhanced by focusing these pages on the customer's needs, linking them to the forms, pamphlets, handbooks and reference materials needed, and ensuring that all of these are in *Plain Language*. Appropriate links to other web sites will be provided to give customers a single starting place on the web for information of the full range of Federal employee benefits.
- Web pages will provide interactive services that can be downloaded, such as benefit calculators, and the ability to make changes to their annuity payment account online.
- RIS will expand the use of satellite technology to provide information to employees and benefits officers. Continue to work in consultation with the Interagency Network of Benefits Officers to disseminate information and receive feedback on the initiatives undertaken.

Indicators/Performance Results:

- Increase agency HR Specialists' satisfaction with the availability of benefits information via the OPM Web-site so that they are better able to provide benefits counseling and related assistance to Federal employees and retirees.

To establish an indication of performance toward improving the knowledge of agency benefits staff regarding the benefit programs, and better enable them to conduct benefits counseling for employees, the FY 1998 OPM Customer Satisfaction Survey established baselines regarding the information sharing and technical assistance available to them for preparing employees for retirement, and for the user-friendliness and usefulness of the benefits information available on the Web-site. Increases for FY 2000 are noted parenthetically.

<u>Program Area</u>	<u>Information Sharing</u>	<u>Technical Assistance</u>
Preparing Employees for Retirement	88% (2%)	85% (2%)
<u>Product/Service</u>	<u>User-Friendliness</u>	<u>Usefulness</u>
OPM Web-site	98% (1%)	99%

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- Increase the number of retiring Federal employees who receive retirement counseling or planning support from their former agencies.

RIS Client Satisfaction Survey results indicate that 71% of new retirees received retirement counseling in FY 1998 -- up from 67% reported in FYs 1997 and 1996, and 63% reported in FY 1995. RIS expects to continue this improving trend to 75% in FY 1999 and 80% by FY 2000.

- Increase the number of retiring Federal employees who are satisfied with the retirement planning and counseling they received.

RIS Client Satisfaction Survey results indicate that 80% of new retirees were satisfied with the help they received from their agencies in preparing for retirement in FY 1998 -- compared to 82% reported in FY 1997, 89% in FY 1996, and 87% in FY 1995. RIS expects to reverse this trend to 85% in FY 1999 and 90% by FY 2000.

RIS Goal 8 **A baseline is established regarding the quality of agency submissions to the retirement system based on OPM reports to agencies that include information about how many of the retirement claims submitted were complete and ready for immediate processing.**
FY 1999/2000:

Means:

- Complete the project that was started during FY 1998 to develop the tracking systems needed to measure, by agency, the number of new retirement claims that are fully documented, and the number that require further documentation in order to compute the full annuity benefit due to retirees.
- In addition to reporting on timeliness or retirement submissions, develop a periodic report, in concert with agency officials, that will provide information to agencies on the quality of their submissions.
- Coordinate with agencies to determine what the acceptable levels of Governmentwide performance regarding the completeness of claims should be.

Indicators/Performance Results:

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- A baseline level of agency performance will be established during FY 2000, based on quality data collected by the tracking system developed in FY 1999, and communicated to agencies by the end of FY 2000.

In September 1998, RIS completed a comprehensive plan to develop during FY 1999 information regarding the quality of agency submissions, which will be communicated to the agencies as a part of our regular quarterly reporting to them. The quality of agency submissions refers to the completeness of the retirement application packages when they are received from the agencies for new retirees. RIS estimates that approximately 40% of all new retirement packages require further documentation before the full annuity benefit can be calculated and paid to these customers. Currently it takes nearly 50 days to process these "undeveloped" claims, versus the average of 23 days it took to process fully documented claims during FY 1998. RIS believes that by working with the agencies to improve not just the timeliness of their retirement submissions, but also the quality of these packages, they will be able to process a larger portion of the total retirement claims workload in less than 30 days.

- FY 2000 OPM Customer Satisfaction Survey results will indicate that HR Directors and Specialists find this quality information is useful toward improving their internal retirement processes. RIS will develop additional questions for the FY 2000 survey to collect this information.

OPM STRATEGIC PLAN GOAL IV:

**DELIVER HIGH QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES TO
FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS AND THE PUBLIC.**

FY 2000 RESOURCE SUMMARY: Obligations (000): \$80,211 Full-Time Equivalents: 883

[The budget request includes \$4 million in no-year funds to finance the development and implementation of selected modules for the Retirement Systems Modernization project.]

- By the year 2002, earned benefit program customers will (a) be paid the right amount on the day payment is due, and (b) receive responses to their inquiries and service requests that are accurate and that meet or exceed their expectations.

*Transfers from the Trust Funds
Retirement and Insurance Service*

RIS Goal 9 **The delivery of services in the FEHB Program is improved by**
FY 1999/2000: **developing and using health care quality measures and communicating**
 quality information to program customers and prospective customers.

Means:

- In FY's 1999 and 2000, RIS will maintain its partnerships within the health insurance industry and continue to work with them to develop and expand the use of health care quality measures. Also, RIS will seek to communicate this information by using a variety of media, including the Internet and CD-ROM technology.
- RIS will continue to work with the health plans participating in the FEHBP to improve the performance reporting they provide to the Service concerning the delivery of health services to Program customers.
- RIS will continue to include quality measurement and performance information about health plans in the FEHB Open Season Guide, plan brochures, and materials on the OPM Web-site.

Indicators/Performance Results:

- Partnerships are used to promote the use of Health Care Quality Measures.

RIS strengthened its leadership role in the health insurance industry by building and maintaining strong relationships with the National Commission for Quality Assurance (NCQA), the Health Care Finance Administration (HCFA), the Department of Health and Human Services, and the Foundation for Accountability (FAACT). These partnerships have been instrumental in promoting the use of health care quality outcome measures by OPM and health care purchasers and providers throughout the nation, led to the adoption of the Consumer Assessment of Health Plans Survey (CAHPS) customer survey instrument as an industry standard, and resulted in modifications to NCQA's Accreditation 99 process that will better meet the needs of the FEHB Program.

- The increases in HB Carrier Performance Targets described below are met.

During the early and mid-1990s, RIS firmly established the concept of performance standards with the carriers participating the FEHB Program and these standards are now a part of the carriers' contracts with OPM. Because of the dynamic nature of the health care industry, RIS is taking a conservative approach in establishing expected levels of performance from the carriers.

**Transfers from the Trust Funds
Retirement and Insurance Service**

HEALTH BENEFITS PROGRAM - PERFORMANCE INDICATORS

Customer Satisfaction Indicator	FY 1996 Performance	FY 1997 Performance	FY 1998 Target	FY 1999 Target	FY 2000 Target
Overall Customer Satisfaction with Their HB Plan	HMOs - 87% FFSs - 87%	HMOs - 84% FFSs - 87%	HMOs - 85% FFSs - 87%	HMOs - 87% FFSs - 90%	HMOs - 90% FFSs - 92%
Business Process Indicators	CY 1996 Performance	CY 1997 Target	CY 1998 Target	CY 1999 Target	CY 2000 Target
Timeliness of Claims Processing (FFS Plans only) 87% in 20 days 92% in 30 days 97% in 60 days	93% met target 93% met target All met target	95% meet target 95% meet target All% meet target	95% meet target 95% meet target All meet target	95% meet target 95% meet target All meet target	95% meet target 95% meet target All meet target
Speed to answer customer calls (HMO Plans only) Calls answered w/in 1.5 minutes	81% met target	85% meet target	85% meet target	87% meet target	90% meet target
Speed to answer customer correspondence (All Plans) 90% answered w/in 30 calendar days	67% of HMO plans met target 74% of FFS plans met target	70% of HMO plans met target 75% of FFS plans met target	70% of HMO plans met target 75% of FFS plans met target	72% of HMO plans met target 77% of FFS plans met target	75% of HMO plans met target 80% of FFS plans met target
Business Process Indicators	CY 1996 Performance	CY 1997 Target	CY 1998 Target	CY 1999 Target	CY 2000 Target
HB Disputed Claims Processed w/in 60 calendar days (OPM)	N/A	94%	99%	99%	99%
Routine Correspondence Answered On Time (OPM)	88%	90%	90%	90%	90%

RIS Goal 10 **Claims for life insurance benefits are at least 99% accurate and paid within 10 days of being fully documented to the Office of Federal Employees Life Insurance.**

*Transfers from the Trust Funds
Retirement and Insurance Service*

Means:

- RIS will continue to work in partnership with OFEGLI staff on delivery of life insurance program services.

Indicators/Performance Results:

- Performance Targets for life insurance claims processing are met.

LIFE INSURANCE PROGRAM - PERFORMANCE INDICATORS

Business Process Indicators	FY 1996 Performance	FY 1997 Performance	FY 1998 Performance	FY 1999 Target	FY 2000 Target
Accuracy of Claims Payments: More Than 99% are Accurate					
as % of # Paid	99.5%	99.5%	99.6%	99.5%	99.5%
as % of \$ Paid	99.8%	99.6%	99.8%	99.7%	99.7%
as % of # Cert/OPM	99.7%	99.6%	0.8%	99.7%	99.7%
Timeliness of Claims Payments: Fully documented claims are paid w/in 10 calendar days	6.8 Days	6.3 Days	6.0 Days	6.0 Days	6.0 Days

RIS Goal 11 **The FY 1999 level of customer satisfaction, processing times, and**
FY 1999/2000: **accuracy rates for processing new claims for annuity and survivor**
 benefits is increased or maintained.

Means:

- Continue efforts to improve the timeliness and accuracy of agency retirement submissions by issuing quarterly progress reports to retirement counselors and using the Interagency Advisory Group as a forum to deal with systemic problems.
- Expand the training provided at the Retirement Operations Center to enable staff there to process as many claims as possible at OPM's entry point in Boyers, PA, saving time and minimize handling.
- Continue to streamline work processes when such opportunities occur in order to reduce claims processing times and improve processing accuracy.

**Transfers from the Trust Funds
Retirement and Insurance Service**

Indicators/Performance Results:

- Improvements in the Performance Targets shown below are met.

During the past several years, Customer satisfaction with RIS' claims processing services has remained at high levels as RIS has reduced processing times and workload balances and stabilized accuracy rates by improving its internal business processes. To sustain and continue improving these services in FY 2000 and beyond, RIS must reengineer its business processes and modernize its systems through its Retirement Systems Modernization project as current processes and systems are now operating at or near maximum efficiency.

RETIREMENT PROGRAM (CLAIMS PROCESSING) - PERFORMANCE INDICATORS

Customer Satisfaction Indicators	FY 1996 Performance	FY 1997 Performance	FY 1998 Performance	FY 1999 Target	FY 2000 Target
** Customers who received their first payment either before or when they expected	74%	78%	79%	80%	85%
** Annuitants who indicate overall satisfaction with the handling of their retirement claims	92%	90%	88%	90%	90%
Business Process Indicators	FY 1996 Performance	FY 1997 Performance	FY 1998 Performance	FY 1999 Target	FY 2000 Target
Interim Payment Processing Time - in calendar days	5 Days	5 Days	3.2 Days	3.0 Days	3.0 Days
CSRS Annuity Processing Time - in calendar days	42 Days	39 Days*	23 Days	25 Days	20 Days
CSRS Annuity Claims Accuracy	94.3%*	94.0%*	96.0%*	96.0%	96.0%
Business Process Indicators	FY 1996 Performance	FY 1997 Performance	FY 1998 Performance	FY 1999 Target	FY 2000 Target
FERS Annuity Processing Time - in calendar days	50.3	50.2	65	60	55
FERS Annuity Claims Accuracy	94.1%	95.4%	94.5%	95.0	95.0
Survivor annuities authorized via "Survivor Express Pay"	48%	62%*	62%	65%	70%
Survivor Express Processing Time - in calendar days	7 Days	5 Days*	5 Days	4 Days	4 Days
Overall Survivor Pay Processing Time - in calendar days	21 Days	11 Days*	10 Days	10 Days	9 Days
CSRS Death Claims Accuracy	94.3%*	91.8%*	96.9%*	97.0%*	97.0%
Overall payment Accuracy (\$)	N/A	99.9%***	99.9%***	99.9%***	99.9%***

* Data taken from Quality Assurance Reviews. FY 99 CSRS Accuracy target reflects an adjustment due to the postponement of automation updates.

** Data is collected through annual Client Satisfaction Surveys of new and continuing annuitants.

*** Data taken from annual annuity roll audit.

***Transfers from the Trust Funds
Retirement and Insurance Service***

RIS Goal 12 **The FY 1999 level of customer satisfaction with RIS teleservices and
FY 1999/2000: the timeliness of written responses to inquiries is increased or
 maintained.**

Means:

- During FY's 1999 and 2000, RIS will continue to expand its range of retirement and insurance telephone services: retirees will be able to make an even wider range of annuity allotments, request FEHB plan brochures, and obtain customer satisfaction survey results pertaining to FEHB carriers.
- Starting in FY 1999, RIS will provide all new retirees under the Civil Service Retirement System with personalized and detailed information regarding their retirement, health and life insurance benefits when they begin receiving their regular annuity checks.
- Evaluate weekly performance reports from new IVR technology installed during FY 1998, and those from the new Pittsburgh call center, to revise performance baselines, set new performance goals, and develop new performance measures for the teleservice activities.
- Improve communications with customers by fully deploying the new "*Your Federal Retirement Benefits*" booklet in *Plain Language* with clearer, more detailed and personalized information about their retirement, health and life insurance benefits at the time of their first annuity payment.

Indicators/Performance Results:

- Improvements in the Performance Targets shown below are met.

In early FY 1998, RIS opened a new Teleservice Center in Pittsburgh, Pennsylvania, increased the number of telephone lines in all of its call centers, and introduced new interactive voice-response (IVR) technology throughout the Retirement and Insurance Service. These enhancements raised the number of calls handled by 32% and significantly increased the number of customers able to access services on their first call. As a result, caller satisfaction has remained at high levels.

RIS streamlined its correspondence handling functions so that most written inquiries from its retirement program customers are now answered by more experienced and knowledgeable

**Transfers from the Trust Funds
Retirement and Insurance Service**

staff at the point they are received in the organization. This has contributed to an increase in customer satisfaction with both the content and timeliness of responses to these inquiries.

RETIREMENT PROGRAMS (ANSWERING INQUIRIES) - PERFORMANCE INDICATORS

Customer Satisfaction Indicators	FY 1996 Performance	FY 1997 Performance	FY 1998 Performance	FY 1999 Target	FY 2000 Target
Overall Satisfaction with Call Handling	81%	89%	85%	90%	90%
Overall Satisfaction with Content & Timeliness of Written Responses	73% 70%	78% 76%	85% 85%	87% 87%	90% 90%
Business Process Indicators	FY 1996 Performance	FY 1997 Performance	FY 1998 Performance	FY 1999 Target	FY 2000 Target
Number of Calls Handled	574,242	740,845	974,380	1,023,100	1,074,255
% of Priority Correspondence Answered w/in 8 calendar days	89%	92%	93%	95%	95%
% of Regular Correspondence Answered w/in 15 calendar days	87%	N/A	76%	85%	95%

RIS Goal 13 **The FY 1999 level of customer satisfaction with the accuracy and timeliness of account maintenance services is improved, and workload balances are reduced, as more of these customer service requests are handled through the telecommunications media.**

FY 1999/2000:

Means:

- Continue to modernize sub-systems used to process service requests. Integrate these improvements with existing automated systems.
- Continue to give callers the option of using an Interactive Voice Response (IVR) technology to make account changes, i.e., Federal or state tax withholdings, purchase Savings Bonds, request forms and pamphlets, verify income, life insurance or survivor information, and request replacement annuitant ID cards.

**Transfers from the Trust Funds
Retirement and Insurance Service**

Indicators/Performance Results:

- Improvements in the Performance Targets shown below are met.

Over the past several years, RIS has made a concerted effort to improve the delivery of many of its retirement program services by moving away from its traditional paper-bound business environment. Instead, RIS is relying primarily on telephony and other electronic media to communicate with customers and execute their requests for services.

RETIREMENT PROGRAMS (MAINTAINING THE ANNUITY ROLL) - PERFORMANCE INDICATORS

Customer Satisfaction Indicators	FY 1996 Performance	FY 1997 Performance	FY 1998 Performance	FY 1999 Target	FY 2000 Target
Customers either very or generally satisfied with overall services	79%	89%	75%	85%	90%
Business Process Indicators	FY 1996 Performance	FY 1997 Performance	FY 1998 Performance	FY 1999 Target	FY 2000 Target
Number of Account Maintenance Transactions Handled by IVR Technology	117,717	195,804	325,487	Increase by 5% above FY98	Increase by 5% above FY99
Processing Times (calendar days) and Accuracy of Address Change Requests	3.3 days 95.9%	4.7 days 99.9%	8.6 days 98.0%	4.0 days 100.0%	4.0 days 100.0%
Combined Key Workload Balances	46,521	20,750	19,910	19,320	18,740

- By the year 2002, begin deploying a modern retirement system that fully automates a redesigned retirement process including retirement counseling, trust fund and financial management, and claims processing.
 - By the year 1998, validate business requirements of the retirement programs based on input from Federal agencies and other stakeholders.
 - By the year 1999, based on analysis of business requirements, develop alternative "Concepts of Operations" for modernized system and define system modules (i.e., retirement counseling, trust fund and financial management, claims processing, etc.).
 - From 1999 through the year 2002, based on Concepts of Operation, develop and deploy technology solutions to defined modules consistent with OPM's Information Technology technical architecture.

**RIS Goal 14 Accelerated information technology solutions for a modernized
FY 1999/2000: retirement system are designed, developed, and implemented.**

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Means:

- RIS will select potential modules from candidates such as a tracking system for benefits inquiries from employees, an expert system to augment benefits counseling to customers, or a secure web site which retirees could access to obtain information about their retirement benefits. RIS will develop detailed plans and delivery schedules for the selected modules.
- Additional funding of \$4 million will be used to finance the development and implementation of selected modules.
- RIS will involve agency partners and other stakeholders in all phases of technology development and implementation.
- RIS will work with BPR contractor, agency partners, and other stakeholders to develop a Balanced Scorecard performance measurement approach to evaluate the success of the modernization project and RIS' business operations as a whole. The Balanced Scorecard provides a thorough approach to measuring program and organizational performance by developing performance measures and indicators based on four performance quadrants: customer service; business processes; financial management; and workforce competencies.

Potential Indicators/Performance Results:

- A new business model for the retirement program is selected and a business process reengineering effort is initiated to form the basis of new technology solutions.

The Retirement Systems Modernization Project lies at the heart of RIS efforts to improve the quality and timeliness of the services to civil service retirement beneficiaries. OPM initiated this project in FY 1997 by working in partnership with key Federal agencies and other stakeholders to identify the legal and regulatory requirements underlying the CSRS and FERS programs. After this process was completed, the group examined several alternative concepts of operation, culminating in the selection of a business model in FY 1998 and the initiation of a comprehensive business process reengineering (BPR) effort that will continue throughout FY 1999. The "framing" phase of BPR was completed by the end of October 1998, and at that point several "early win" projects — work processes that can be successfully reengineered in the short-term — to be completed by the end of the year were identified for consideration. This will serve two purposes: (1) it will quickly demonstrate the practicability of our business model, and (2) it will validate our decision to modernize by implementing discrete modules that result in immediate and tangible improvements in customer service.

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Retirement and Insurance Service*

- In FY 2000, selected modules are delivered within the timeframes established in detailed plans and delivery schedules developed during FY 1999.

VERIFICATION AND VALIDATION

For the Retirement and Insurance Service, meeting the goals identified in the OPM Strategic Plan and this Annual Performance Plan means developing and maintaining a high quality work environment, making prudent investments in staff, suppliers, and technology, and continually measuring the results achieved against objectives linked to the Strategic Plan. These objectives are incorporated in RIS' Customer Service Standards, and in the annual work plans of each office. RIS maintains a comprehensive Management Information System to monitor and report output (business process) measures, and uses recurring customer satisfaction surveys as one means of measuring progress towards achieving established objectives from a customer perspective. To ensure the integrity of the performance information, RIS' management information function operates independently of the Retirement and Insurance program Offices, reporting to the RIS Associate Director through the Assistant Director for Systems, Finance, and Administration. In addition, the identical performance information is reported in the Program Performance Overviews of OPM's Annual Financial Statements and, therefore, is included in the independent audits of these statements.

Workload and Performance Tracking

RIS has a long history of tracking and evaluating the performance of the employee benefit programs. The RIS internal management information system monitors virtually all program inputs and outputs. For the Retirement Program, this involves outputs such as workload volumes for the full range of claims, customer service requests, and general inquiries received and processed each day, and the remaining balances of unprocessed work. It also involves outputs such as timing and aging data, and program inputs such as the human and other resources expended on these operations. Data supporting this tracking is collected by the OSFA's Management Information Branch in weekly increments and accumulated during the fiscal year. These data are either downloaded from OPM mainframe databases and transaction systems, LAN-based databases, or are based on manual tracking performed by operations staff and reported each week in hard copy format. RIS currently has approximately 20 years of such data.

RIS also tracks the accuracy of its service delivery through periodic reviews of various program outputs. These reviews are conducted by the OSFA's Quality Assurance Division and are based on statistically valid samples of those outputs.

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Similar statistically valid samples of new and ongoing annuitant customers are used to evaluate program outcomes through RIS' customer satisfaction survey program and are focused on customers for whom RIS offices have recently processed a transaction. The surveys performed under this program are conducted on an annual basis and executed by the OSFA's Management Information Branch.

For the Health Benefits (HB) and Life Insurance (LI) Programs, the quality, timeliness, and effectiveness of contract administration activities and the performance of the carriers under these contracts are evaluated through required carrier reports against established quality control/assurance standards. These reports are submitted by the carriers at the end of each contract year and are based on statistically valid samples of program customers whom the carriers have served and/or claims paid as a part of service delivery to those customers.

HB and LI Program outcomes are measured through annual surveys of customers comprised of statistically valid samples of both active employees and annuitants. These surveys are conducted by private contractors.

Virtually all of the data collected for the three earned benefit programs are used to support established families of performance indicators that measure program performance against annual and long-term goals.

Internal Performance Reporting

The current status on many RIS workloads and program performance indicators is available to RIS executives, program managers, supervisors, and analytical staff on an on-going basis through a LAN-based, on-line Management Information System. Data in the system is updated as frequently as weekly. The status on other program performance indicators, primarily related to quality assurance and customer satisfaction, is made available to key staff in written reports on an ad-hoc basis.

Externally Reported Program Evaluations

The earned benefit programs performance is reported externally in OPM's annual Congressional and Budget Justification/Annual Performance Plan, the Program Overviews in the OPM Annual Financial Statements, and in annual Customer Service Reports to the National Partnership for Reinventing Government. Also, the OPM Inspector General performs audits and reviews of the earned benefit programs' financial systems, program outputs, work processes, and performance measures and makes recommendations to OPM management to improve these areas as warranted.

*Transfers from the Trust Funds
Retirement and Insurance Service*

FY 2000 BUDGET CHANGES:

A net decrease of \$4,968,000 is composed of the following:

Annual:

An increase of \$250,000 is requested to assist in the development of a model to serve as the Government's new *benefits platform*.

No-Year:

An increase of \$4,000,000 is requested for the Retirement Systems Modernization project and is to remain available until expended.

A net decrease of \$5,218,000 in FY 2000 obligations for Retirement Systems Modernization results from the FY 1999 spend-out of \$9,218,000 in unobligated balances of prior year no-year appropriations.

ADVANCES AND REIMBURSEMENTS

COMPARATIVE SUMMARY STATEMENT

(dollar amounts in thousands)

Obligations:	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request	FY 2000 Change
Merit Systems Oversight & Effectiveness	\$14	\$---	\$---	---
Employment Service	81	---	---	---
Retirement and Insurance Service	663	750	750	---
Workforce Compensation & Performance Service	401	500	500	---
Workforce Relations	725	500	500	---
Executive Resources	---	---	---	---
Administrative Services	4,514	3,561	3,561	---
Executive and Other Services	2,542	3,908	3,908	---
Internal A&R	(7,056)	(7,469)	(7,469)	---
Total External	\$1,884	\$1,750	\$1,750	\$0
<u>Offsetting Collections</u>	\$8,940	\$9,219	\$9,219	\$0
<u>Budget Authority</u>	---	---	---	---
<u>Outlays</u>	---	---	---	---
<u>Full-Time Equivalents:</u>				
Merit Systems Oversight & Effectiveness	---	---	---	---
Employment Service	1	---	---	---
Retirement and Insurance Service	2	5	5	---
Workforce Compensation & Performance Service	2	7	7	---
Workforce Relations	6	10	10	---
Executive Resources	---	1	1	---
Administrative Services	39	48	48	---
Executive and Other Services	28	39	39	---
Total	78	110	110	0

ADVANCES AND REIMBURSEMENTS

OBLIGATIONS BY OBJECT CLASS

(dollar amounts in thousands)

OBJECT CLASS	FY 1999 Estimate	FY 2000 Request	Change
Personnel Compensation	\$5,336	\$5,567	\$231
Personnel Benefits	1,033	1,082	49
Benefits for Former Personnel	0	0	0
Travel and Transportation of Persons	137	137	0
Transportation of Things	5	5	0
Rental Payments to GSA	0	0	0
Communications and Utilities	450	450	0
Printing and Reproduction	119	119	0
Advisory and Assistance Services	0	0	0
Other Services	1,208		205)
Supplies and Materials	159		0
Equipment	722		(75)
Land and Structures	50		0
Total Obligations	\$9,219	\$9,219	\$0
Internal A&R	(7,469)	(7,469)	0
Total	\$1,750	\$1,750	\$0

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ADVANCES AND REIMBURSEMENTS

RETIREMENT AND INSURANCE SERVICE

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$663	\$750	\$750	---
Full-Time Equivalents	2	5	5	---

DESCRIPTION OF ACTIVITY

The Retirement and Insurance Service provides reimbursable services to other agencies under the authority of the Economy Act as a service to agencies that can no longer store certain retirement records, and when OPM possesses special skills and technical expertise that either are more readily available or are more economical than other public or private sources.

OPM STRATEGIC PLAN GOAL III:

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS AND ENVIRONMENT OF THE 21ST CENTURY.

FY 2000 RESOURCE SUMMARY: Obligations (000): \$750 Full-Time Equivalents: 5

- Provide models, guidance, and technical assistance to promote agency use of existing personnel flexibilities and tools to help them achieve human resources management goals in support of their mission. (Continuing)
- By the year 2002, become the acknowledged leading source for effective, efficient technical assistance for a full range of flexible human resources management programs, as well as for those areas where uniform, Government wide systems are in place.

RIS Goal 15 Agency staff are more knowledgeable about the administration of the earned benefit programs by attending the Annual Benefits Officers Conference, attending pre-conference training, and/or the annual Fall Festival of Training.

FY 1999/2000:

***Advances and Reimbursements
Retirement and Insurance Service***

Means:

- Conduct the Fall Festival of Training to provide agency benefits officers with an expanded array of workshops designed to increase their knowledge and counseling skills and to broaden their understanding of the interactions and integration of the benefits programs administered by other agencies such as the Social Security Administration and the Federal Thrift Savings Investment Board.
- Continue to use feedback from benefits officers and other agency staff to develop interesting and appropriate agendas for the annual benefits officers conferences and other training programs:
- Promote these initiatives by doing mailings, advertising on the OPM web site, communicating through IAG meetings, etc. to ensure awareness and attendance.
- Conduct the Annual Benefits Officer Conference, continuing to expand the attendance to include more field office staff. Continue the pre-conference training and workshops to improve agency benefits officers understanding of various aspects of benefits administration in the changing environment as we enter the new millennium.
- Expand the use of satellite technology to provide information to employees and benefits officers. Continue to work in consultation with the Interagency Network of Benefits Officers to disseminate information and receive feedback on the initiatives undertaken.

Indicators/Performance Results:

- Formal feedback collected during conferences and training seminars, and from OPM Customer Satisfaction Survey indicates agency personnel find that these training programs and informational materials improve their knowledge of the benefit programs.

The FY 1998 Annual Benefits Officers Conference was attended by 378 participants, the largest turnout ever, with approximately 40% of attendees coming from outside the Washington area. The nine pre-conference training sessions provided 350 student days of training. Following the theme Benefits Round Up, the conference covered the broad spectrum of Federal benefits, going beyond the retirement and insurance programs to include social security, thrift savings, and workers' compensation benefits, and the relationship these benefits have toward one another. Conference attendees were also briefed on the status of the many proposals circulating on the Hill that could affect Federal employee benefits.

**Advances and Reimbursements
Retirement and Insurance Service**

Over 150 attendees participated in one or more of the 10 training courses offered during the first RIS Fall Festival of Training. The Fall Festival provided over 400 student-days of Federal benefits training to human resource specialists from Washington area and field office locations.

The results of the recent OPM customer Satisfaction Survey indicate that 75% of HR specialists working in the retirement and insurance benefits field find OPM sponsored conferences, such as the Benefits Officers' Conference, useful. In addition, 86% of these people found OPM briefings useful. By FY 2000, RIS expects these indicators to increase to 80% and 90%, respectively. Also, as an indicator of the extent to which conferences and training seminars increase the knowledge of agency human resource staff regarding the employee benefit programs, the FY 2000 Survey will be enhanced to include questions that evaluate whether these staff agree that this is true.

**RIS Goal 16 Agency retirement records are stored with OPM when they are
FY 1999/2000: changing their payroll systems.**

Means:

- Work with agencies who approach OPM about storing at OPM's Retirement Operations Center the individual retirement records for which they no longer have filing space.
- Make the necessary arrangements regarding the timing of the transfer of documents to the Center, and allocate the staff necessary to keep current with incoming workload.

Indicators/Performance Results:

- Agencies continue to request these services from OPM.

ADVANCES AND REIMBURSEMENTS

WORKFORCE COMPENSATION AND PERFORMANCE SERVICE

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$401	\$500	\$500	---
Full-Time Equivalents	2	7	7	---

DESCRIPTION OF ACTIVITY

The Workforce Compensation and Performance Service (WCPS) conducts seminars, symposia, and conferences on classification, compensation, and workforce performance issues. In addition, staff occasionally provide reimbursable technical assistance to other agencies.

ANNUAL PERFORMANCE GOALS FOR FY 2000
BY STRATEGIC PLAN GOAL AND OBJECTIVE**OPM STRATEGIC PLAN GOAL III:**

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS AND ENVIRONMENT OF THE 21ST CENTURY.

FY 1999 RESOURCE SUMMARY: Obligations (000): \$500 Full-Time Equivalents: 7

- Provide models, guidance, and technical assistance to promote agency use of existing personnel flexibilities and tools to help them achieve human resources management goals in support of their mission. (Continuing)
- By the year 2002, become the acknowledged leading source for effective, efficient technical assistance for a full range of flexible human resources management programs, as well as for those areas where uniform, Governmentwide systems are in place.

*Advances and Reimbursements**Workforce Compensation and Performance Service*

WCPS Goal 12: Federal agencies receive timely, clear, accurate, and useful advice and assistance on classification, compensation, and performance management that keeps them better informed about appropriate system flexibilities and ways in which they can be used to support accomplishment of agency strategic goals.

Means:

- Sponsor a comprehensive Total Compensation Conference, which also covers performance management and position classification issues.
- Offer workshops and seminars to share best practice experience and discuss emerging issues and trends.
- Conduct reimbursable projects in position classification, position management, performance management, and compensation as requested by agencies.

Indicators/Performance Results:

- An increase in the level of HR Specialists' satisfaction with OPM's technical assistance as measured by informal customer feedback and a 2% increase over FY 1999 levels in the percentage of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.

The baseline level of satisfaction as measured by the 1998 OPM Customer Survey was as follows:

<u>Program Area</u>	<u>Technical Assistance</u>
Position classification and position management	70%
Annual pay adjustment	83%
Pay administration	81%
Leave Administration	83%
Premium pay and hours of work	78%
COLA administration	74%
Federal wage system	77%
Performance appraisal	71%
Incentive awards	72%

*Advances and Reimbursements
Workforce Compensation and Performance Service*

- > Increased number of requests for consultation demonstrates overall satisfaction with the quality of services provided.
- > Degree of customer satisfaction with reimbursable projects results as measured by direct customer feedback (e.g., number of requests for repeat business, assessment of verbal or written complaints and/or compliments) indicates overall satisfaction with products.
- > The Total Compensation Conference is shown by end-of-conference surveys to have satisfied participants' expectations for the level and type of information provided to help them understand developing issues in Federal compensation.

In FY 1999, conduct the first Total Compensation Conference.

- > Post-workshop and seminar customer surveys indicate overall satisfaction with leave workshop presentations.

During FY 1998, conducted four workshops on "Federal Leave Programs -- Putting the Pieces Together." These workshops provided guidance and active discussions on the interaction of the Family and Medical Leave Act of 1993; sick leave for family care, bereavement, and adoption purposes; the Federal leave transfer and leave bank programs; leave for bone-marrow and organ donation; and taking actions against employees who use or abuse leave.

In FY 1998, conducted successful seminars on position classification and performance management. In FY 1999 these separate seminars will be absorbed into a single comprehensive Total Compensation Conference.

VERIFICATION AND VALIDATION

Data will be collected, analyzed, and studied each year according to accepted collection, analysis, and evaluation practices from customers and participants in seminars and workshops to determine satisfaction levels and acceptance of WCPS products and services, and the level of progress toward achieving WCPS goals.

ADVANCES AND REIMBURSEMENTS

OFFICE OF WORKFORCE RELATIONS

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$725	\$500	\$500	---
Full-Time Equivalents	6	10	10	---

DESCRIPTION OF ACTIVITY

The Office of Workforce Relations (OWR) provides models, guidance, and technical assistance to agencies in developing effective employee and labor relations programs. These programs incorporate alternative dispute resolution methods, interest-based problem solving, facilitation, and mediation.

OPM STRATEGIC PLAN GOAL III:

PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS AND ENVIRONMENT OF THE 21ST CENTURY.

FY 2000 RESOURCE SUMMARY: Obligations (000): \$500 Full-Time Equivalents: 10

- Provide models, guidance, and technical assistance to promote agency use of existing personnel flexibilities and tools to help them achieve human resources management goals in support of their mission. (Continuing)
- By the year 2002, become the acknowledged leading source for effective, efficient technical assistance for a full range of flexible human resources management programs, as well as for those areas where uniform, Governmentwide systems are in place.

***Advances and Reimbursements
Office of Workforce Relations***

OWR Federal agencies receive timely, accurate and useful advice and
Goal 14: technical assistance to ensure that employee relations, employee health
FY 1999/2000 services, work and family, labor-management relations and human
resources development are a positive part of agencies' fully integrated
human resource systems.

Means:

- Sponsor recurring conferences devoted to current topics in employee relations, employee health services, work and family issues, labor-management relations, and human resources development.
- Sponsor or participate in reimbursable workshops/seminars on employee relations and employee health services issues to share state-of-the-art practices and discuss emerging issues and trends.

Indicators/Performance Results:

- Maintain a high level of satisfaction as expressed by conference, workshop and seminar participants on evaluation sheets and/or orally.

In FY 1998, 94% of participant evaluations rated the overall content and quality of SOELR as Excellent or Very Good. 4% of the respondents rated the conference at the Good level.

In FY 1998, OWR sponsored the highly popular Symposium on Employee and Labor Relations (SOELR). This annual conference draws more than 800 labor and employee relations professionals from Federal agencies all over the world. OWR is planning to sponsor the FY 1999 Symposium during the second quarter of the year, including seven all-day pre-conference sessions and over 40 general sessions.

- Consistent level of repeat conference, workshop and seminar attendance.
- Increase in demand for conferences/workshops as measured by the number of potential registrants on an established waiting list.
- Periodic surveys of stakeholders reflect an increasing rate of approval in terms of subject matter and quality of presentations and technical assistance.

*Advances and Reimbursements
Office of Workforce Relations*

In the 1998 OPM customer satisfaction survey, agency HR Directors rated all OPM conferences in this manner: 58.5% said that OPM sponsored conferences were very useful and 36.6% said they were somewhat useful.

Also in 1998, HR Specialists survey results indicated that 60.2% found OPM conferences very useful and 35.3% found them somewhat useful.

VERIFICATION AND VALIDATION

- OWR will continually assess various mechanisms for collecting baseline data and measuring customer/stakeholder satisfaction. Such valid and reliable assessment tools as OPM's customer satisfaction survey and participant evaluation forms will be utilized.

PAYMENT ACCOUNTS

- **GOVERNMENT PAYMENT
FOR ANNUITANTS, EMPLOYEES HEALTH BENEFITS**
- **GOVERNMENT PAYMENT
FOR ANNUITANTS, EMPLOYEES LIFE INSURANCE**
- **PAYMENT
TO THE CIVIL SERVICE RETIREMENT AND DISABILITY FUND**

PLEASE NOTE: The program performance goals and initiatives applicable to the Government payments for annuitants' health benefits and life insurance, and to the Civil Service Retirement and Disability Fund can be found under the section entitled Transfers from the Trust Funds and Advances and Reimbursements.

**GOVERNMENT PAYMENT FOR ANNUITANTS,
EMPLOYEES HEALTH BENEFITS**

COMPARATIVE SUMMARY STATEMENT

(dollar amounts in thousands)

	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
PROGRAM BY ACTIVITY				
Obligations				
Government contribution for annuitants benefits (1959 act)	\$4,111,198	\$4,650,940	\$5,102,863	-\$451,923
Government contribution for annuitants benefits (1960 act)	<u>3,918</u>	<u>3,206</u>	<u>2,619</u>	<u>(587)</u>
Total	\$4,115,116	\$4,654,146	\$5,105,482	\$451,336
FINANCING				
Unobligated balance available, start of year	—	—	—	—
Unobligated balance available, end of year	—	—	—	—
Budget Authority	\$4,115,116	\$4,654,146	\$5,105,482	\$451,336
RELATION OF OBLIGATIONS TO OUTLAYS				
Obligations incurred	\$4,115,116	\$4,654,146	\$5,105,482	\$451,336
Obligated balance start of year	182,138	228,463	387,713	159,250
Obligated balance end of year	<u>(228,463)</u>	<u>(387,714)</u>	<u>(423,590)</u>	<u>(35,876)</u>
Outlays	\$4,068,791	\$4,494,895	\$5,069,605	\$574,710

**GOVERNMENT PAYMENT FOR ANNUITANTS,
EMPLOYEES HEALTH BENEFITS**

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FY 2000
(dollar amounts in thousands)

	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Budget Authority	\$4,115,116	\$4,654,146	\$5,105,482	\$451,336
Obligations	\$4,115,116	\$4,654,146	\$5,105,482	\$451,336
Outlays	\$4,068,791	\$4,494,895	\$5,069,605	\$574,710

This appropriation funds the Government's share of health benefits costs for annuitants and survivors who no longer have an agency to contribute the employer's share. The Office of Personnel Management requests the appropriation necessary to pay this contribution to the Employees Health Benefits Fund and the Retired Employees Health Benefits Fund. These trust revolving funds are available for: (1) the payment of subscription charges to approved carriers for the cost of health benefits protection; (2) contributions for qualified retired employees and survivors who carry private health insurance under the Retired Employees Health Benefits (REHB) program and (3) the payment of expenses incurred by the Office of Personnel Management in the administration of the REHB program.

Beginning in the 1999 contract year, in accordance with Public Law 105-33, the maximum government contribution will be 72 percent of the weighted average monthly premium of all plans participating in the FEHB Program, with a 75% limitation on the contribution to any specific plan.

A number of laws have been passed over the last several years to require the Postal Service to finance a share of the Government's costs toward certain postal service annuitants' health costs. The most recent action, Public Law 103-66, the Omnibus Reconciliation Act of 1993, enacted on August 10, 1993 requires the Postal Service to make three fixed annual payments of \$116 million to the Employees Health Benefits Fund during FY 1996-1998 as reimbursement for costs incurred by the Government on behalf of postal retirees during the years elapsed since the Postal Service reorganization in 1971. Conferees believe that after these payments have been made, the Postal Service will have completely paid its debt for past retiree health benefits. These payments are in addition to those required by Public Law 101-508, enacted on November 5, 1990 requiring the Postal Service to make monthly contributions for a prorated portion of the Government costs,

based on post-1971 service. The amount requested in this appropriation recognizes these payments to be remitted by the Postal Service for their portion of annuitants health benefits costs.

Budget Authority:

Funds appropriated to this account remain available until expended for the purpose of funding the Government's share of health benefits costs for annuitants and survivors, who no longer have an agency to contribute the employer's share. OPM has the authority to notify the Secretary of the Treasury of the "such sums as may be necessary" to carry out these provisions. An increase of \$451,336,000 is necessary to cover the increase in obligations.

Obligations:

The overall increase in obligations for this program is made up of two parts:

An increase of \$451,923,000 in FY 2000 is necessary to provide for the growing number of enrollees and the estimated impact of premium increases effective January 2000.

This appropriation also provides financing for the Government's share of health benefit costs for annuitants and survivors covered under the Retired Employees Health Benefits Program. Public Law 96-156, the Retired Federal Employees Health Benefits Act - Government Contribution, provides for increases in Government contributions toward the subscription charge for health coverage, ties to increases in the cost of Medicare Part B, for those annuitants who retired prior to July 1, 1960. The net impact of the increased rate of contributions for those enrolled with private insurance carriers and the decreases in the number of enrollees is a decrease in Government costs of \$587,000.

**GOVERNMENT PAYMENT FOR ANNUITANTS,
EMPLOYEES LIFE INSURANCE**

COMPARATIVE SUMMARY STATEMENT

(dollar amounts in thousands)

	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
PROGRAM BY ACTIVITY				
Obligations	\$30,025	\$34,576	\$36,207	\$1,631
FINANCING				
Unobligated Balance Available, start of year	—	—	—	—
Unobligated Balance Available, end of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Budget Authority	\$30,025	\$34,576	\$36,207	\$1,631
RELATION OF OBLIGATIONS TO OUTLAYS				
Obligations incurred, net	\$30,025	\$34,576	\$36,207	\$1,631
Obligated balance, start of year	3,034	2,952	2,952	0
Obligated balance, end of year	<u>(2,952)</u>	<u>(2,952)</u>	<u>(3,074)</u>	<u>(122)</u>
Outlays	\$30,107	\$34,576	\$36,085	\$1,509

**GOVERNMENT PAYMENT FOR ANNUITANTS,
EMPLOYEES LIFE INSURANCE**

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FY 2000
(dollar amounts in thousands)

	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Budget Authority	\$30,025	\$34,576	\$36,207	\$1,631
Obligations	\$30,025	\$34,576	\$36,207	\$1,631
Outlays	\$30,107	\$34,576	\$36,085	\$1,509

Public Law 96-427, Federal Employees' Group Life Insurance Act of 1980, enacted October 10, 1980, requires that all employees under age 65 who separate for the purposes of retirement on or after January 1, 1990, continue to make contributions toward their Basic life insurance coverage (currently \$.36 per month for each \$1,000 of coverage). As with active Federal employees, the Government is required to contribute one-third of the cost of the premium (currently \$.18 per month for each \$1,000 coverage) for Basic coverage. OPM, acting as the payroll office on behalf of Federal retirees, is requesting the funds necessary to make the required Government contribution associated with annuitants' post retirement basic life coverage.

Budget Authority:

Funds appropriated to this account remain available until expended for the sole purpose of financing post-retirement life insurance benefits. OPM notifies the Secretary of the Treasury of the "such sums as may be necessary" to carry out these provisions each fiscal year.

Basic insurance coverage increases based on the basic salary of employees. Thus, as the final salaries of retirees increases over time, so will their life insurance premiums. The account requires an increase of \$1,631,000 to account for these changes.

**PAYMENT TO THE CIVIL SERVICE RETIREMENT
AND DISABILITY FUND**

COMPARATIVE SUMMARY STATEMENT
(dollar amounts in thousands)

	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
PROGRAM BY ACTIVITY				
Payment of annuities under special acts	\$431	\$362	\$333	(\$29)
Payment of Government share of retirement	8,381,255	8,702,818	9,120,539	417,721
Transfer for interest on unfunded liability and payment of military service annuities	12,916,700	12,885,786	12,634,317	(251,469)
Spouse equity payment	58,915	56,348	56,348	—
Transfer for payment of FERS supplemental liability	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Obligations	\$21,357,301	\$21,645,314	\$21,811,537	\$166,223
FINANCING				
Appropriation (current)	\$8,381,686	\$8,703,180	\$9,120,872	\$417,692
Appropriation (permanent, Indefinite)	<u>12,975,615</u>	<u>12,942,134</u>	<u>12,690,665</u>	<u>(251,469)</u>
Budget Authority	\$21,357,301	\$21,645,314	\$21,811,537	\$166,223
Outlays	\$21,357,301	\$21,645,314	\$21,811,537	\$166,223

**PAYMENT TO THE CIVIL SERVICE RETIREMENT
AND DISABILITY FUND**

CURRENT AND PERMANENT BUDGET AUTHORITY
(dollar amounts in thousands)

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FY 2000

	<u>Current</u>	<u>Permanent</u>	<u>Total</u>
FY 1999 Total Budget Authority/ Obligations	\$8,703,180	\$12,942,134	\$21,645,314
FY 2000 Program Changes			
Decrease in payment for annuities under special acts.	(29)	---	(29)
Increase in 30-year amortization payments resulting from an assumed 4.4% January pay raise (including locality pay adjustments).	417,721	---	417,721
Decrease in the annual payment of interest on the Civil Service Retirement System unfunded liability resulting from increased Postal Service contributions.	---	(405,697)	(405,697)
Increase in the annual payment for military service credit due to annuity roll growth and payment of the 2.4% January 2000 COLA.	<u>---</u>	<u>154,228</u>	<u>154,228</u>
Total Changes	\$417,692	(\$251,469)	\$166,223
FY 2000 Total Budget Authority/ Obligations	\$9,120,872	\$12,690,665	\$21,811,537

The Civil Service Retirement and Disability Fund was established in 1920 to administer the financing and payment of annuities to retired Federal employees and their survivors. In FY 1999 the Fund will serve approximately 2.6 million active employees, 1.8 million annuitants and 0.6 million survivors and will make benefit payments in excess of \$44 billion. The Fund covers the operation of both the Civil Service Retirement System and the Federal Employees Retirement System.

The Payment to the Civil Service Retirement and Disability Fund consists of an appropriation and a permanent indefinite authorization to pay the Government's share of retirement costs as defined in the Civil Service Retirement Amendments of 1969 (Public Law 91-93), the Federal Employees Retirement Act of 1986 (Public Law 99-335) and the Civil Service Retirement Spouse Equity Act of 1985 (Public Law 98-615). The payment is made directly from the General Fund of the U.S. Treasury and is in addition to appropriated funds that will be contributed from agency budgets in FY 2000.

Current Appropriation

Public Law 91-93 provides for an annual appropriation to amortize, over a 30-year period, all increases in Civil Service Retirement System (CSRS) costs resulting from Acts of Congress granting new or liberalized benefits, extensions of coverage, or pay raises, exclusive of the effects of cost-of-living adjustments. Since FY 1994, the Office of Personnel Management has notified the Secretary of the Treasury each year of the "such sums as may be necessary" to carry out these provisions.

The total current appropriation request for FY 2000 (\$9,120,872,000) is the sum of the annual payments authorized since the law was enacted in 1969 (\$8,702,818,000), plus the estimated payment resulting from assumed pay raises totaling 4.4% in January 2000 (\$417,721,000). It also includes funding for the annuities of persons employed on the construction of the Panama Canal and widows of former Lighthouse Service employees (Annuitants under Special Acts, \$333,000). The total FY 2000 current appropriation estimate represents an increase of \$417,692,000 from the amount estimated for FY 1999 of which \$417,721,000 is attributed to increases in employees' pay, and \$29,000 for decreases in payments to annuitants under special acts.

Permanent Indefinite Authorization

Public Law 91-93 also provides permanent indefinite authorization for the Secretary of the Treasury to transfer, on an annual basis, an amount equal to 5 percent interest on the Civil Service Retirement System's current statutory unfunded liability, calculated based on static economic assumptions, of \$8,977,153,000, and annuity disbursements attributable to credit for military service of \$3,657,164,000.

Payment Accounts
Civil Service Retirement and Disability Fund

It also includes a payment of \$56,348,000 in accordance with Public Law 98-615 which provides for the Secretary of the Treasury to transfer an amount equal to the annuities granted to eligible former spouses of annuitants who died between September 1978 and May 1985 who did not elect survivor coverage.

The permanent indefinite authorization in FY 2000 will total \$12,690,665,000, a decrease of \$251,469,000 from FY 1999. The decrease reflects a lower CSRS unfunded liability interest payment of \$405,697,000, and a higher payment for military service credit of \$154,228,000.

OFFICE OF PERSONNEL MANAGEMENT

REVOLVING FUND ACCOUNT

DESCRIPTION

Under authority of 5 U.S.C. 1304, various Public Laws and Executive Orders, the Revolving Fund of the Office of Personnel Management provides financing on a reimbursable basis for a continuing cycle of services.

The services include: training for Federal managers and executives; testing of potential military inductees for the Department of Defense in those locations where it is cost-effective for OPM to do so; providing employment information; providing assessment services; automating other agencies' staffing systems; examining for vacancies when requested by an agency; providing technical assistance and general consultation services on all facets of human resources management; and the selection, coordination and development of Presidential Management Interns. The Investigations Service includes: National Agency Checks/National Agency Checks and Inquiries and background security investigations of individuals who are candidates for positions identified as critical-sensitive by the requesting agencies, or reinvestigations of individuals occupying positions identified as critical-sensitive.

Each program is operated at rates, established by OPM, which should be adequate to recover expenses over a reasonable period of time. Receipts derived from operations are, by law, available in their entirety for use of the fund without further action by Congress.

Budget Accomplishments

OPM reversed a 10-year trend of increasing deficits in its Revolving Fund by imposing tough management decisions, tighter financial controls across all programs, increased accountability and downsizing. In addition, OPM successfully privatized two major revolving fund programs, training and investigations including the creation of the Government's first Employee Stock Ownership Plan (ESOP). These actions have resulted in the Revolving Fund continuing to be above the breakeven point at the end of FY 1998 after experiencing a \$48.8 million deficit at the end of FY 1994.

REVOLVING FUND

COMPARATIVE SUMMARY STATEMENT

(dollar amounts in thousands)

Obligations:	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request	FY 2000 Change
DOD Testing	\$7,408	\$7,601	\$7,980	\$379
Employment Service	27,699	34,038	36,083	2,045
Investigations Service	102,007	87,713	89,748	2,035
Workforce Relations	35,062	36,622	37,478	856
Executive Resources	<u>18,906</u>	<u>22,401</u>	<u>22,795</u>	<u>394</u>
Total	\$191,082	\$188,375	\$194,084	\$5,709
Full-Time Equivalents:				
DOD Testing	155	157	157	0
Employment Service	265	364	364	0
Investigations Service	32	35	35	0
Workforce Relations	22	27	27	0
Executive Resources	<u>62</u>	<u>69</u>	<u>69</u>	<u>0</u>
Total	536	652	652	0
Agency Reserve	<u>0</u>	<u>43</u>	<u>21</u>	<u>(22)</u>
Grand Total	536	695	673	(22)

REVOLVING FUND

OBLIGATIONS BY OBJECT CLASS

(dollar amounts in thousands)

OBJECT CLASS	<u>FY 1999 Estimate</u>	<u>FY 2000 Request</u>	<u>Change</u>
Personnel Compensation	\$31,073	\$32,567	\$1,494
Personnel Benefits	5,723	6,114	391
Benefits for Former Personnel	0	0	0
Travel and Transportation of Persons	2,177	2,285	108
Transportation of Things	253	245	(8)
Rental Payments to GSA	6,872	7,010	138
Communications and Utilities	4,858	4,951	93
Printing and Reproduction	653	666	13
Other Services	131,238	135,407	4,169
Supplies and Materials	1,841	1,878	37
Equipment	3,588	2,937	(651)
Land and Structures	99	24	(75)
Total Obligations	\$188,375	\$194,084	\$5,709

REVOLVING FUND**DOD TESTING**

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$7,408	\$7,601	\$7,980	\$379
Full-Time Equivalents	155	157	157	---

DESCRIPTION OF ACTIVITY

The Employment Service (ES) administers the Armed Services Vocational Aptitude Battery for the Department of Defense (DOD). The DOD uses our national network of trained examiners to conduct their military recruitment testing program in a cost-effective manner. The following services are provided, at the specific request of DOD:

- ES conducts student tests at local high schools, vocational institutions, and community and junior colleges. Students are tested and their scores are provided to their counselors to use in career exploration and planning. The program also allows military recruiters to channel their activity toward qualified students who are interested in a military career.
- ES conducts enlistment tests for individuals who wish to enter the military service.

ES continues to maintain our nationwide cadre of experienced test examiners who provide services to a number of federal agencies and the DOD. We currently administer tests nationwide for Border Patrol agents, Customs Inspectors, and other occupations.

ANNUAL PERFORMANCE GOALS FOR FY 2000
BY STRATEGIC PLAN GOAL AND OBJECTIVE

OPM STRATEGIC PLAN GOAL IV:

***DELIVER HIGH QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES TO
 FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS AND THE PUBLIC.***

FY 2000 RESOURCE SUMMARY: Obligations (000): 7,980 Full-Time Equivalents: 157

Revolving Fund
DOD Testing

- By the year 2000, become the provider of choice for direct human resources management services including examining, test administration, downsizing, career transition, organizational assessment, and occupational analysis, on a reimbursable basis.

ES Goal 22: **The DOD Testing Program is operated to maintain high customer satisfaction and fiscal balance.**
FY 1999/2000

Means:

- Support DOD in its continuing initiative to provide student testing, by maintaining the capability of fully responding to requests for conducting test sessions.
- Work closely with DOD Testing Program managers to assess and improve operations.

Indicators/Performance Results:

- Continuation of the contract by DOD.

The contract with DOD has been continued for FY 1999, and ES expects it will be renewed in FY 2000.

- Requests for numbers of student test sessions by DOD are met.

In FY 1998 approximately 15,000 student test sessions and approximately 30,700 enlistment sessions were conducted for DOD, and in FY 1999 ES is planning on an increase in the number of sessions conducted.

- Increased customer satisfaction as tracked through quarterly feedback sessions with DOD program managers.

DOD Test Program managers expressed their satisfaction with this program in the annual planning meeting held in June, 1998. This high level of satisfaction has been reflected in an increase in contract workload for FY 1999.

- Financial balance of costs and income.

Costs and income for the DOD Testing Revolving Fund were in balance at the end of FY 1998.

VERIFICATION AND VALIDATION

- See the Employment Service Verification and Validation Section on page 119.

FY 2000 BUDGET CHANGES:

An increase of \$379,000 is estimated to cover the cost of pay raise and inflation.

REVOLVING FUND

EMPLOYMENT SERVICE

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$27,699	\$34,038	\$36,083	\$2,045
Full-Time Equivalents	265	364	364	---

DESCRIPTION OF ACTIVITY

The Employment Service (ES) provides a variety of operational and consultative human resources services to agencies on a reimbursable basis. Services are delivered in all areas of Employment Service responsibility, including automated examining, testing, organizational assessment, personnel records processing, and employment information.

OPM continues to provide two functions formerly funded fully through its general fund appropriation: employment information and examining for Administrative Law Judge positions. These are now funded through a mix of appropriated and reimbursable funds.

In the employment information area, costs of supporting USAJOBS, the Governmentwide automated employment information system, are split between OPM and agencies; agencies pay a prorated share based on each agency's number of employees in the competitive service. OPM continues to fund approximately half of employment information through S&E appropriations to ensure that the needs of job seekers, veterans, and displaced employees are balanced with the needs of agencies.

In the case of the Administrative Law Judges, OPM is prohibited by law from delegating the authority for examining to agencies, but is fully recovering the costs of examining for these positions through agency fees based on the number of ALJ's in each agency. OPM will continue to fund other ALJ personnel program functions (such as personnel policy development, reviewing and approving non-competitive employment actions and classifying positions) through appropriated funding.

OPM also continues to conduct the Presidential Management Intern (PMI) Program through both appropriated and reimbursable funds, providing policy leadership, direction, and administrative support under S&E funding, and recovering the costs of assessment and training through agency fees based on the number of PMI's hired.

***Revolving Fund
Employment Service***

Reimbursable Authority.

ES provides reimbursable services under OPM's existing Revolving Fund Authority, which was defined in the FY 1994 OPM budget justification to include the conduct of projects at the request of agencies to assess and improve the quality of the Federal workforce, and to support agencies' efforts to automate their staffing operations. This authority includes studies designed to assist agencies in the selection, development, and retention of a high quality workforce and to help agencies develop and install complementary computer systems for staffing operations. ES Revolving Fund authority was further expanded in FY 1996 when OPM was given authority to delegate competitive examining (except for Administrative Law Judges), and to accept reimbursement from agencies for competitive examining services, when requested.

ES utilized a contingent workforce of temporary and term employees, and private sector contractors, to supplement core staff in the delivery of specific services. We are deploying a new suite of systems to further assist in the delivery of reimbursable services through our nationwide network of Service Centers.

**ANNUAL PERFORMANCE GOALS FOR FY 2000
BY STRATEGIC PLAN GOAL AND OBJECTIVE**

OPM STRATEGIC PLAN GOAL IV:

***DELIVER HIGH QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES TO
FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS AND THE PUBLIC.***

FY 2000 RESOURCE SUMMARY: Obligations (000): \$36,083 Full-Time Equivalents: 364

- Provide information about Federal employment opportunities to the public and to Federal employees 24 hours a day, 7 days a week, through the use of a Governmentwide, comprehensive information system to ensure fair and open competition and to assist agencies in reaching diverse, well-qualified job applicants. (Continuing)
 - By the year 1999, expand coverage to include all excepted service job openings.
 - By the year 2000, improve access for disabled information-seekers of employment information by using new technology.
 - By the year 2000, integrate the automated Federal employment information system with other employment information systems, at the State, local and collegiate levels, to ensure comprehensive service to the public.

*Revolving Fund
Employment Service*

ES Goal 19: **The Governmentwide employment information system, USAJOBS, is operated effectively and efficiently, and enhanced as needed, so that it contributes to Governmentwide cost-savings and a high-quality Federal workforce.**
FY1999/2000

USAJOBS, the Governmentwide automated employment information system, which ES introduced in FY 1997, gives the public greater access to Federal job listings and saves agencies millions of dollars in infrastructure costs. Each agency would have to spend upward of \$15 million on equipment alone to duplicate OPM's current Governmentwide system.

Means:

- Work closely with the Interagency Work Group on Employment Information and other relevant parties (e.g., Department of Labor, Veterans' Service Organizations, etc.) to identify needed enhancements to the Governmentwide employment information systems.
- Implement needed enhancements in a timely and cost-effective way.
- Review and respond to customer satisfaction feedback and make changes and improvements as needed.
- Use automation (e.g., Web sites, touch screens, telephone technology) to provide employment information to the fullest extent possible and to keep agency costs low.
- Continuously improve customer service.

Indicators/Performance Results:

- Obtaining 5% increases in rates of access and numbers of requests for information on the Web site and other components of USAJOBS, as measured by the online employment information systems.

The WEB site currently averages more than 28,000 visits daily as compared to averaging more than 16,500 visits daily in FY 1997. Total FY 1998 visitors to the WEB site exceeded 8.5 million as opposed to 3.8 million from FY 1997. Overall, the Federal jobs data base was accessed more than 13 million times to respond to employment inquiries in FY 1998, and expectations are that usage of the system will increase at least by 10% in FY 1999, and another 5% in FY 2000.

- Enhancements introduced as planned.

**Revolving Fund
Employment Service**

In FY 1998, ES introduced an online resume builder as an enhancement to the USAJOBS Web site, and implemented electronic delivery of resumes to Federal agencies. More than 53,000 resumes were on file at the end of FY 1998. USAJOBS online resume process delivers the goal of providing true one-stop service to job seekers by making job searching, vacancy announcement receipt, and application completion available in a single transaction. Other enhancements included adding a "What's Hot" feature to highlight large scale recruiting efforts, a special search feature for Y2K compliance jobs; and the ability to search for jobs by agency. ES also implemented a "Worker-Trainee" job search on USAJOBS to facilitate recruitment under the Welfare-to-Work initiative. A Web Entry Enhancement Project is underway, focusing on making the USAJOBS job entry and vacancy announcement development system faster and easier to use. In FY 1999, a new search for Student Employment Opportunities will be added to USAJOBS. More standard forms will be made available on the system and job seekers will be able to "hot link" to agency Web sites from within the vacancy announcements for additional information about the hiring organization, duty location, etc.

USAJOBS BY PHONE, the new automated employment information telephone system, replaced the Career America Connection in FY 1998. USAJOBS BY PHONE offers more flexible job searching and fax delivery of both vacancy announcements and information fact sheets.

In FY 1998, ES developed a number of Employment Infoline Fact Sheets, often in collaboration with agency customers, to provide support for special recruitment efforts. Examples include Census 2000 job opportunities, student recruitment, recruitment of astronauts, and recruitment of volunteers for the Peace Corps. ES also supported the Bureau of the Census by developing three customized web pages in USAJOBS to support online applications for critical Census jobs.

- *An increase in the levels of satisfaction of agency HR Directors and HR Specialists with USAJOBS operations and with USAJOBS system improvements as measured by informal feedback and a 2% increase over FY 1999 levels in the percentages of favorable ratings (or maintenance at 90% or higher) on the annual OPM Customer Satisfaction Survey.*

The baseline satisfaction levels as measured by the 1998 survey were as follows:

USAJOBS Operations:

HR Specialists	<u>Satisfied/Very Satisfied</u> 88.7%
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USAJOBS Systems Improvements:

***Revolving Fund
Employment Service***

	<u>Leadership</u>	<u>Involvement</u>
<i>HR Directors</i>	81.1%	85.3%
<i>HR Specialists</i>	80.0%	69.5%

- Improved public customer satisfaction with employment information as indicated by a 2% increase in the percentage of overall "satisfied" ratings obtained from on-line user surveys, from FY 1998 levels (or as indicated by a continued satisfaction rating of 90% or higher).

ES measures public customer satisfaction with the employment information system through on-line surveys available on the telephone, touchscreen, Web site, and electronic bulletin board systems. Overall satisfaction ratings reflect the combined survey results (weighted according to number of responses per system). The employment information system saw an increase in overall satisfaction from 87.73% in FY 1997 to 90.56% in FY 1998. ES will continue the trend of increased overall customer satisfaction for FY 1999 and FY 2000.

ES Subgoal 19a: New technology is introduced to USAJOBS in order to improve access for disabled information-seekers of employment information.
FY 1999/2000

Means:

- Using the results of research and benchmarking conducted in FY 1998, begin the process of acquiring the best new technology in FY 1999/2000 to ensure access to employment information by job seekers with disabilities.
- Work closely with stakeholders to ensure they are satisfied with the new equipment and designs being acquired or implemented.

Indicators/Performance Results:

- Evaluate the satisfaction of stakeholders with the decisions on new equipment and processes, through a qualitative analysis of direct feedback, including feedback posted on OPM's Web site, in FY 2000.

ES Subgoal 19b: Additional linkages between USAJOBS and other employment information sources are integrated to ensure comprehensive service to the public in FY 2000.
FY 1999/2000

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Means:

- Provide ongoing access to Federal jobs database files to the Department of Labor's Automated Labor Exchange (ALEX) for distribution to State and local governments.
- Conduct ongoing awareness campaign to academic community, veterans' organizations, service providers for persons with disabilities, minority associations, and other constituency groups, to promote the use of the USAJOBS Governmentwide automated employment information system.
- Continue to work with excepted service agencies to list their job opportunities on USAJOBS.

Indicators/Performance Results:

- New linkages are made and additional job opportunities from a variety of sources are added to the USAJOBS data base.

USAJOBS includes all job vacancies in the competitive service open to outside applicants and many vacancies in the excepted service. Some jobs from State and local governments and the private sector are also available, as well as job opportunities for developmental assignments with agencies such as the National Partnership for Reinventing Government (NPR) and Legislative Branch positions including opportunities with the U.S. Senate Office of the Sergeant At Arms and the United States Capitol Police. ES provides internal search pages on the USAJOBS web site for agencies to link to from their own web sites. These pages allow agency employees to view all agency-specific vacancies and integrate employment information delivery for agencies into a single, comprehensive system.

ES Goal 20: Career Transition Center Services continue to be available and flexible enough to meet changing needs of the year 2000 and beyond.

Means:

- Coordinate meetings of the Federal Career Transition Center Directors to ensure that those Directors are kept up-to-date on career transition guidance, regulations, products, and services.
- Customize the implementation of new strategies to meet the service delivery needs of FY 2000 and beyond.

Indicators/Performance Results:

- Actions taken to support the Center.

The ES supported the original establishment of the Metro Area Reemployment Project and the IAG Career Transition Center. ES installed USACareers, career counseling software, on the Center's computers. ES also participated in the interagency evaluation of the IAG Career Transition Center that resulted in the relocation of that center to the Theodore Roosevelt building in early FY 1999.

- By the year 2000, become the provider of choice for direct human resources management services including examining, test administration, downsizing, career transition, organizational assessment, and occupational analysis, on a reimbursable basis.

ES Goal 21: A broad range of cost-effective and high quality reimbursable human resources services are available to increase agency access to cutting edge technologies, expertise, and systems, and thereby to contribute to Governmentwide cost savings and mission accomplishment.
FY 1999/2000

Means:

- Assessment of customer needs and customer satisfaction is continuously conducted in order to ensure that customers are satisfied and that reimbursable services are financially stable.
- Conduct continuing multi-agency needs assessment, through formal and informal means, to ensure that ES products and services meet customer needs.
- Establish and measure service against customer service standards for all products and services; and continuously improve customer service.
- Examine what customer service means for the Year 2000 and revise standards as needed.
- Existing technological business line products and programs such as HRManager, automated staffing, USACareers, and the on-line application process are continually updated in order to encourage repeat customers.

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- Work closely with customers to determine the most useful design enhancements for all major ES automated product lines.
- Develop new and improved products and services to meet agency customer needs (e.g., human resources planning, management succession, competency-based selection tools, automated testing), leveraging OPM investments in infrastructure and automated processes to reduce overall costs for human resources management to the Government.
- Ensure continued expertise in human resources management and automation through investments in staff development to maintain OPM's position as a service provider of choice.
- Assess strategic investments in human and physical capital that will improve ability to deliver high quality products and services.
- Maintain broad base of customers at multiple levels of Government through effective marketing.
- Provide reimbursable services which have Governmentwide impact and which are designed to move the HR community forward.
- Expand operating partnerships with consolidated civilian personnel offices and other organizations.
- Continue to foster and develop partnerships/relationships with FEBs and FEAs.

Indicators/Performance Results:

- OPM's widespread customer base indicates ES is providing products and services that are effective and useful.

In FY 1998, the Employment Service (ES) provided a wide array of reimbursable services to 52 executive branch departments and agencies; 4 legislative branch, 1 judicial branch, and 2 non-appropriated fund (NAFI) agencies. ES also provided services to 8 State governments and 6 municipalities. ES expects to provide services to a similar array of customers in FY 2000, with increases in the numbers of State and local governments served.

- Ongoing positive feedback from agency executives and managers that programs and services are high quality, timely, and customer-oriented and that they are relevant to individual and organizational performance improvement.

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Agencies indicate that ES reimbursable services ultimately result in significant cost savings as agencies take advantage of the available expertise to supplement their reduced administrative staff resources. By outsourcing their examining work to OPM, client agencies save money and time, and ensure that their selections are made in compliance with the merit system. Many Federal agencies use ES psychometric expertise to conduct competency-based test development and validation projects; many of these projects are multi-year in length. The Department of Defense (DOD) and the Immigration and Naturalization Service (INS) utilize our test administration services through our network of trained examiners located at more than 650 points nationwide. The DOD uses our services to conduct an effective military recruitment testing program and INS uses our services to recruit and test Border Patrol Agents, Immigration Inspectors, and Detention Enforcement Officers. In addition, ES provided Workforce Restructuring services to 7 agencies/installations affecting over 15,000 Federal employees. These services included: assisting in downsizing planning, agency outplacement programs, career center design, automated RIF programs, and organizational restructuring. ES also implemented the National Security Education Program (NSEP) Internet Web site in April, 1998. This system contains resumes of NSEP scholars and fellows who have been funded by DOD, and are required to provide public service in exchange for this funding.

- New products and services are developed as needs are identified.

In FY 1998 ES undertook a major marketing effort to introduce the new subscription-based Web site or PC-based service, USACareers, to agencies. USACareers is a tool to determine training needs, develop career paths, and outplace employees affected by downsizing. ES is currently developing new selection tools to assess non-cognitive competencies; these will be introduced in FY 1999/2000.

- Improved customer satisfaction with reimbursable services as indicated by a 2 percent increase in the percentage of overall "satisfied" ratings obtained in customer assessments from FY 1998 levels (or as indicated by a continued satisfaction rating of 90 percent or higher).

In FY 1998, ES introduced customer standards for examining services on an interim basis, and implemented them as final standards at the beginning of FY 1999. Baseline results of timeliness and quality against these standards will be established in FY 1999, and improvements will be measured in FY 2000. Customer standards are being developed for all other reimbursable services in FY 1999; baselines will be established in FY 1999/2000 as they are introduced.

- Financial balance of costs and income.

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ES met its Revolving Fund operating goals for FY 1998, including targets for retained income. Targets have been established for FY 1999 that incorporate modest growth in income and matching costs, and expectations are that similar modest growth will occur in FY 2000.

- Enhancements to technological products and programs are introduced.

ES is redesigning OPM's automated staffing system to incorporate the newest technologies such as imaging and artificial intelligence. This redesign will be completed in FY 1999. ES also established a National Operations Workgroup which includes over 30 customers to maximize the effectiveness of the staffing system by using feedback from this group to inform the redesign effort. In FY 1998, ES began the development of an Internet-delivered, competency-based battery of selection procedures.

- Customers continue to contract for technological products and programs (i.e., repeat business is maintained at the same levels as previous year).

- Continue to enhance and support the Presidential Management Intern program as a source of future Government leaders through effective assessment and development.

**ES Goal 23: The Presidential Management Intern (PMI) program is operated to
FY 1999/2000 result in the hire of at least 300 PMI's in FY 2000.**

Means:

- Work closely with agency groups, such as the President's Management Council, the Interagency Advisory Group, and the Federal Agency PMI Steering Group, to ensure that the PMI program is meeting their needs, and to encourage at least 300 hires per year.
- Continuously monitor the administering of the PMI program to identify areas for improvement.
- Implement options for expanding the PMI program such as including additional occupational groups, attracting a broader range of schools, and increasing academic and socio-economic diversity of applicants.

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- Complete a study of the effectiveness (validity) and efficiency of the PMI assessment process in providing high quality hires, and implement needed changes.
- Maintain a program of recruitment to attract the "best and the brightest" applicants with graduate degrees to the Presidential Management Intern (PMI) program, particularly from diverse backgrounds, academic disciplines, and schools.
- Utilize USAJOBS, the Governmentwide automated employment information system, to provide PMI program information and application forms to a wide audience of potential candidates.

Indicators/Performance Results:

- Evaluate the satisfaction of agency and external stakeholders of the PMI program through a qualitative analysis of direct feedback.

Informal feedback indicates a high level of satisfaction with the PMI program, resulting from the significant revitalization of the program which began in FY 1997. In FY 1998, additional revisions were made to the orientation and graduation training event to make them more effective and efficient, and the application forms and brochure were redesigned. The application was also made available electronically through USAJOBS. ES expanded recruitment to increase the numbers of schools who submitted candidates for consideration. In FY 1999/2000 ES will implement improvements in PMI program communications, including the introduction of a dedicated PMI Home Page at the end of November, 1998, and will complete a content validity analysis of the examination.

- Assess the numbers of PMI's hired in FY 1999 against the target established for the year (300 hires), against numbers hired in previous years, and against the ceiling of 400 hires.

ES examined more than 1,400 PMI candidates for the FY 1998 (calendar year) class; and identified a pool of 540 finalists to refer to agencies. To date agencies have hired more than 320 PMI's, and project that we will meet or exceed the number of PMI hires for FY 1997 (339), which was the highest in the 21-year history of the program. ES will work closely with agencies in FY 2000 to continue to hire in these record numbers.

- Evaluate comparative data to determine if minority PMI hires for FY 1999 increased by at least 2% for groups where underrepresentation for the relevant labor market was reported in FY 1998. These data are developed from the Central Personnel Data File, and are not yet available.

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- Financial balance of costs and income.

The income generated from the PMI program covered all costs for FY 1998, and the lowered cost to agencies per hire introduced in FY 1996 will be maintained in FY 1999. The cost should remain stable in FY 2000, unless there is a significant drop in the number of PMI's hired, or if agency customers request and agree to pay for program enhancements.

- Operate the Governmentwide personnel program for Administrative Law Judges, including examining candidates, classifying positions, and protecting employee rights, in a timely and quality manner. (Continuing)

ES Goal 24: **The Administrative Law Judge (ALJ) personnel program is operated
FY 1999/2000 to continue to ensure compliance with applicable laws and regulations.**

Means:

- Work closely with stakeholders to assess and improve examining and other personnel program operations.
- Continuously improve timeliness of processing agency requests for certificates of eligibles and other requests for specific action.
- Continuously improve timeliness for adjudication of rating appeals.
- Continuously improve timeliness for responding to applicant inquiries.
- Maintain staff expertise in order to provide high-quality advice and assistance to agencies.
- Use OPM Web site to post and obtain feedback on proposed revised regulations from a wide variety of stakeholders.

Indicators/Performance Results:

- Evaluate agency satisfaction with the ALJ personnel program through qualitative analysis of direct feedback. *Agencies indicate improved satisfaction with the ALJ personnel program, resulting from the improvements in timeliness introduced in the program in FY 1997.*

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Proposed ALJ regulations were published for formal comment in FY 1998 with final issuance expected in FY 1999.

- Timeliness of services provided meets standards established in FY 1998.

VERIFICATION AND VALIDATION

- See the Employment Service Verification and Validation Section on page 119.

FY 2000 BUDGET CHANGES:

An increase of \$2,045,000 is estimated to cover the cost of pay raise and inflation.

REVOLVING FUND

INVESTIGATIONS SERVICE

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$102,007	\$87,713	\$89,748	\$2,035
Full-Time Equivalents	32	35	35	---

DESCRIPTION OF ACTIVITY

The Investigations Service has investigations conducted for other Federal agencies through a contract with an Employee Stock Ownership Plan (ESOP) corporation formed mainly with former staff from the Investigations Service of OPM.. These investigations are carried out on a reimbursable basis to provide agencies with the information necessary to determine whether to grant security clearances to individuals occupying or being appointed to sensitive national security positions or for public trust positions. OPM will also continue to investigate employees of contractors for the Department of Energy. The extent of the investigation is determined by the level of risk or sensitivity in the position held (or to be held) by an individual.

OPM also furnishes National Agency Checks and National Agency Checks and Inquiries, as well as Special Agreement Checks for the Postal Service. Both the employee-owned investigative company and OPM continued to meet high workload demands from agencies with no decrease in the quality of investigations.

Executive Order 12968 promulgated new investigative standards which reduce the coverage requirements of some investigations. This reduction in coverage requirements, coupled with a contractor price reduction, allowed OPM to drop the price of its most expensive product by close to 15 percent in FY 1998. OPM reduced the price of its most expensive product by another 12.5 percent for FY 1999 and the price of the standard background investigation by approximately 8 percent. These reductions will save agencies close to \$3 million each fiscal year based on current workload estimates.

The employee-owned company, US Investigations Services, Inc. continues to pay about \$10 million in Federal and state income taxes each year, tax revenue which did not exist when the operation was wholly Federal.

Specific functions include:

***Revolving Fund
Investigations Service***

- Manage and provide oversight of the contract with the ESOP company for conducting background and other investigations for OPM's customer agencies;
- Liaison with customer agencies for case billing;
- Maintain the Security Investigations Index (SII);
- Ensure the integrity of the Personnel Investigations Processing System (PIPS) data base and related software; manage systems software support for the data center that processes PIPS;
- Assure case quality to customer agencies through contract oversight and case audits; and
- Recover operating costs through fiscal management and proper case pricing.

In order perform our responsibilities, IS recruits highly-experienced individuals from other Federal agencies who have hands-on experience in supervising and operating a National security investigations program. This staff includes people with detailed experience at the program level; and with experience in contract oversight, quality control, customer service, budget/product pricing, FOI/PA, and information technology.

FY 2000 Priority

IS' priority for FY 2000 is to oversee the work of the investigative contractor to ensure that the quality and timeliness of investigations is maintained for our customers (IS Goal 4).

OPM STRATEGIC GOAL IV:

***DELIVER HIGH-QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES
TO FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS AND THE PUBLIC.***

FY 2000 RESOURCE SUMMARY: Obligations (000): \$89,748 Full-Time Equivalents:35

- Provide a broad range of high-quality, cost-effective investigative products to Federal agencies.

***Revolving Fund
Investigations Service***

**IS Goal 4 The quality of investigations is maintained, workload demands are met
FY 1999/2000: with timely, relevant products and the cost to the agencies is decreased.**

Means:

- Ensure the quality of investigative and adjudicative case products through continuous contract oversight review and audit sampling.
- Reduce the cost to agencies for personnel security investigations by applying contractual price reductions and OPM net profits to reducing prices to customer agencies.
- Monitor the ESOP contract and related costs.
- Prepare to renew/renegeotiate the second option year of the contract with the ESOP company to further reduce Government-furnished expenses.
- Contractor performance is evaluated against standards to determine whether to use the option years of the contract.

Indicators/Performance Results:

- Quality of the contractor's case products meets OPM standards.

In FY 1998, carried out an intensive contractor oversight function to ensure that our contractor was maintaining a quality control inspection system which will assure that all investigative products submitted to OPM conform to contract requirements. In addition to these contract requirements, we also continued, on a sampling basis, mail recontacts of sources to obtain public feedback.

In FY 1999/FY 2000 continue to monitor the quality of investigative work performed by the contractor.

- Percentage reduction in prices charged to OPM's customer agencies.

In FY 1998 reduced the price of OPM's most expensive product, the Single Scope Background Investigation by 14 percent.

In FY 1999/FY 2000 offer agency customers more competitive case prices.

**Revolving Fund
Investigations Service**

- OPM recovers program operating costs through effective case pricing.

In FY 1998 reduced OPM costs for telephone use by the contractor. Entered into preliminary discussions with our investigative contractor to further reduce OPM's expenses in connection with the contract.

In FY 1999/2000 implement further cost reductions.

- Develop new products based on customer needs.

In FY 1998 developed four new investigative products which add coverage to existing products to meet customer needs.

In FY 1999/FY 2000 develop new products to meet agencies' expanding coverage needs.

- Carried out investigative workload for our customers through use of our contract with the ESOP private contract company.

WORKLOAD MEASURES			
	FY 1998	FY 1999	FY 2000
Background Investigations	46,026	42,500	42,500
National Agency Checks/National Agency Checks with Inquiries	104,782	110,000	110,000
Special Agency Checks	192,143	192,000	192,000

VERIFICATION AND VALIDATION

- Standard accounting methods and tracking software will be used to validate workload measures and validate the health of the business.

FY 2000 BUDGET CHANGES:

An increase of \$2,035,000 is estimated to cover the cost of pay raise and inflation.

REVOLVING FUND**OFFICE OF WORKFORCE RELATIONS**

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$35,062	\$36,622	\$37,478	\$856
Full-Time Equivalents	22	27	27	---

DESCRIPTION OF ACTIVITY

Integral to OWR's efforts to strengthen the Government's investment in human resources is its work to provide, on a reimbursable basis, training and management assistance to improve human resources management. Factors such as deregulation, downsizing, and an increased emphasis on accountability and results have made it more important than ever to focus on front-end analysis to identify competencies and skills for appropriate training design to carry out agency missions. The Training Management and Assistance (TMA) program provides human resources management interventions that enhance workforce productivity and effectiveness through research, innovation, education, and training. The program is a three-way partnership between OPM, private-sector firms and Federal agencies.

ANNUAL PERFORMANCE GOALS FOR FY 2000
BY STRATEGIC GOAL AND OBJECTIVE
OPM STRATEGIC GOAL IV:

***DELIVER HIGH-QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES
TO FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS AND THE PUBLIC.***

FY 2000 RESOURCE SUMMARY: Obligations (000): \$37,478 Full-Time Equivalents: 27

***Revolving Fund
Office of Workforce Relations***

- By the year 1999, increase the capacity of OPM's reimbursable Training and Management Assistance program to provide cost-effective services that enhance human resources effectiveness through a partnership between OPM, Federal agencies, and private sector firms to develop training materials, as well as other performance management, workforce productivity improvement, and business process reengineering applications.. Provide a broad range of high-quality, cost-effective investigative products to Federal agencies.

OWR Goal 15: Assistance is provided to Federal, State and local governments
FY 1999/2000 through Training and Management Assistance (TMA) to improve their human resource management and organizational effectiveness.

Means:

- Provide enhanced and expanded Training and Management Assistance Programs to agencies in order to support effective agency HRM systems by:
 - effectively managing existing projects.
 - assisting agency customers with new project design and implementation.
 - overseeing contractor workload and performance.
 - improving marketing activities.
 - maintaining positive income-cost ratio by managing costs.

Indicators/Performance Results:

- Workload Measures:
 - Dollar amount of new and added funding for TMA projects increases 5% over FY 1998 levels.
 - Dollar amount of work orders issued for TMA work to be performed increases 3% over FY 1998 levels.

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Office of Workforce Relations***

- Dollar amount of contractor invoices approved for payment increases 3% over FY 1998 levels.

In FY 1999, OWR will enhance and expand Training and Management Assistance Programs provided to Federal, State and local governments in order to improve their human resource management and organizational effectiveness.

➤ **Business Well-Being Indicators:**

- Percent of income above contractor invoices maintained at FY 1998 levels.
- Income minus direct and indirect costs of program operations maintained at FY 1998 levels.
- A positive retained earnings contribution to OPM's revolving fund is maintained.
- Number of competitions held to select contractors for performance under TMA task orders increases 5% over FY 1998 levels.

OPM worked to sustain revolving fund activity at a high level of client interest in the TMA program as evidenced by \$44.9 million received in new and additional project funding during FY 1998. The TMA Program exceeded income targets for FY 1998.

- **Customer Satisfaction Measures:** Results gained from baseline data gathered and analyzed in FY 1999 from customers and contractors will be used to provide a basis that indicates 50% of problems identified are resolved.

In FY 1998, TMA conducted a "Federal track" on learning technology at the 1998 Interactive Multimedia Summer Conference sponsored by the American Society for Training and Development attended by over 800 participants. TMA consummated plans for running the "Federal track" for a multimedia conference to be held in Orlando, Florida, in February 1999.

TMA maintained approximately 150 different projects related to supporting Federal agencies' human resources systems. Key projects included the application of training technology for the Defense Acquisition University, performance support systems for the Federal Deposit Insurance Corporation, and a variety of courseware for the Bureau of the Census in preparation for the year 2000 census.

Revolving Fund
Office of Workforce Relations

VERIFICATION AND VALIDATION

- Standard accounting methods and tracking software will be used to verify workload measures and validate business well-being indicators (such as percent of income above contractor invoices, number of competitions held, etc.).
- During FY 1999, OWR will assess various mechanisms for collecting baseline data and measuring customer/stakeholder satisfaction. Such valid and reliable assessment tools as OPM's *Merit System Principles Questionnaire*, the OPM customer satisfaction survey, and participant evaluation forms will be considered in this process.

FY 2000 BUDGET CHANGES:

An increase of \$856,000 is estimated to cover the cost of pay raise and inflation.

REVOLVING FUND**EXECUTIVE RESOURCES**

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations	\$18,906	\$22,401	\$22,795	\$394
Full-Time Equivalents	62	69	69	---

DESCRIPTION OF ACTIVITY

Executive Resources programs are committed to the development of Federal executives who are exceptional leaders, who understand their constitutional role, and who possess a broad, corporate view. The Federal Executive Institute (FEI), Management Development Centers (MDC's), and Schedule C and SES Orientation programs are residential and non-residential programs designed to instill common corporate values, develop management and executive skills, improve understanding of important public issues and stimulate Federal management awareness.

In order to meet these responsibilities, the Office of Executive and Management Development recruits highly-experienced faculty and administrative staff with expertise in human resources development, organization behavior, political science, and customer service. As needed, we supplement this with contract, adjunct faculty who have subject matter expertise in a variety of curricula and support fields. The skills of the professional and technical staff are continuously upgraded. A new training tracking and administrative support system is being implemented that is Y2K compliant and speeds customer service and administrative support.

FY 2000 Priorities

Executive Resources has identified three priorities for FY 2000 in support of the overall OPM priorities described in the Executive Summary.

The first priority is to improve the performance of Federal career leaders by providing high quality, competency based, intellectually challenging, affordable, interagency residential seminars for senior-level managers in the areas of leadership, management and policy implementation at the Federal Executive Institute in Charlottesville, VA and the Management Development Centers in Denver, CO, and Shepherdstown, WV (ER Goal7).

The second priority is to ensure that the executive and managerial training and development programs and curriculum reflect current trends in Government, leadership competencies, and

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Office of Executive Resources

changes in policy direction by using the ongoing assessment of results for continuous review and update. (ER Goal 6)

The third priority is to increase participation by 4.2 % over FY 1999 to almost 7,800 participants, and end-of-course, cumulative ratings of program content, relevance, and facilities to at least 4.4 on a 5 point scale (ER Goal 6).

ANNUAL PERFORMANCE GOALS FOR FY 2000
BY STRATEGIC PLAN GOAL AND OBJECTIVE

OPM STRATEGIC PLAN GOAL IV:

***DELIVER HIGH QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES TO
 FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS AND THE PUBLIC.***

FY 2000 RESOURCE SUMMARY: Obligations (000): \$22,795 Full-Time Equivalents:69

- Strengthen the corporate identity and leadership effectiveness of Federal managers and executives through the training and development programs offered by the Federal Executive Institute and the Management Development Centers and through the Senior Executive Service Orientation programs.

ER Goal 6: OPM executive and management development programs and services
FY 1999/2000 are high quality, timely, and customer-oriented and are relevant to
 individual and organizational performance improvement.

Means:

- Broaden impact of executive and managerial development through participation from all agencies and their components.

Indicators/Performance Results:

- Assess overall program quality and effectiveness through the use and analysis of end-of-course evaluations for training and development programs. Additional measures address how

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Office of Executive Resources**

well courses improve participant's individual and organizational effectiveness back in the agency.

In FY 1998, ER's residential and non-residential executive development programs contributed to creating a corporate body of managers and executives by giving over 6,700 participants an extended exposure to colleagues from across government and by explicitly addressing national and governmental roles of Federal leaders. Each center maintained or improved a historically high end-of-course, cumulative rating of program content, relevance and facilities (4.60 out of 5 at FEI; 4.60 out of 5 at Eastern MDC; and 4.66 out of 5 at Western MDC).

In FY 1999, it is estimated that over 7,400 managers and executives will participate in OPM programs (a 10.4% increase over FY 1998), and participant ratings will meet or exceed a standard of 4.4 on a 5 point scale.

In FY 2000, increase participation by 4.2 % over FY 1999 to almost 7,800 participants, and end-of-course, cumulative ratings of program content, relevance, and facilities will meet or exceed a standard of 4.4 on a 5 point scale.

- *In FY 2000, expand pilot program efforts to measure the amount of learning that takes place in courses and seminars. Data is based on participants' self rating of their knowledge of the subject matter covered in the target seminar before and after completion of the program. The pilot before/after knowledge comparison shows an almost 50 percent increase in seminar participant subject matter knowledge after completion of the target seminar.*
- *Ensure executive and managerial training and development programs and curriculum reflect current trends in Government, leadership competencies, and changes in policy direction. Use ongoing assessment of results for continuous review and update.*

In FY 1998, the Results Act CD-Rom produced by the Office of Executive Resources (ER) was distributed to several thousand government executives and managers. ER also participated in a NAPA sponsored Performance Consortium consisting of 26 federal agencies to assist in GPRA implementation.

In FY 1998, the ER finalized a curriculum redesign for its core management programs. This redesign was prompted by the issuance of the new Executive Core Qualifications (ECQs) and Competencies, and provided an opportunity to use the ECQ's as a way to ensure that our core courses cover all of the competencies and as a way to explain to our customers what the courses cover. These courses assist Federal agencies in the development of their managers and executives by fostering a corporate perspective of the Federal service, an understanding

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of the constitutional framework for public governance, and the leadership skills needed to assure the government is run efficiently and effectively.

In FY 1998, two new, self-supporting executive development learning centers were opened to serve the federal community. The new facilities at the Federal Executive Institute in Charlottesville, VA and the Management Development Center in Shepardstown, WV will strengthen OPM's capacity to instill common corporate values, develop executive and management skills, improve understanding of important public policy issues, stimulate Federal management awareness, and ultimately improve the performance of Government.

In FY 1998, FEI's Center for Executive Leadership (CEL) grew dramatically by – developing a list of ten short, open enrollment programs designed to present key theories, provide opportunities for practice, and build mastery of the program content; helping agencies through consulting on team development, strategic planning, and other issues; and, developing custom designed presentations for our client agencies. It achieved its goal of having a full roster of executive development activities ready for the opening of FEI's new facility.

In FY 1998, the Western Management Development Center assisted Region VI of the Environmental Protection Agency (EPA-Dallas) in their efforts to develop a corporate culture to support its administrative and legislative requirements. The process started at the beginning of FY 1998 and will extend into FY 1999. This multilayered approach consists of a detailed organizational analysis followed by a series of intense evaluation and planning sessions for all levels of management in the region. As a result, the region has a clearer picture of its strengths and weaknesses and a clear plan to implement its expectations.

For FY 1999, the entire ER delivery system is working to develop special programs for both the Department of the Treasury and the Federal Aviation Administration. These programs will help those agencies develop a corporate culture, improve their communication skills, and improve management and leadership skills.

- The Federal Executive Institute's on-going multi-year evaluation project is designed specifically to measure program quality and effectiveness in 10-12 different areas. Some of these areas regularly include: pre-program sponsor forms and participant objectives' surveys which indicate expectations in advance of the program, on-site evaluations of every element of the program, and post-program feedback from alumni and agencies. Major initiatives in FY 2000 will include: 1) a continuing survey of sponsors and key agency officials to determine the effectiveness of the Institute's programs; 2) revision of pre-program sponsor's form to link objectives to action-planning and post-program follow-up with agency sponsors; 3) use of computer based simulations to allow high-level skills "practice" to measure

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improvement; and 40 post-program case studies of cross-functional groups that have been part of multi-phase training at the Institute (e.g., Regulatory agencies working on similar issues and measuring improvement over time).

- In FY 2000, survey data from recent graduates of Management Development Center (MDC) seminars will be used to develop information on how to increase the ability of MDC alumni to apply the knowledge they gained in ER programs back at their work place. This information will also be used to improve the design of our programs.
- In FY 2000, begin piloting a Federal analogue of The Corporate University Exchange to share benchmarking data on leading edge management development programs with agency counterparts.
- In FY 2000, seek membership in executive development consortiums (i.e., government, academia, business) for the purpose of benchmarking our programs and identifying meaningful evaluation and measurement techniques used in other executive development programs.

ER Goal 7: Participation in OPM's executive and managerial training programs is
FY 1999/2000 increased and income and costs are balanced.

Means:

- Increase the efficiency and productivity of Federal agencies and develop the leadership skills of senior level executives by providing high quality, affordable, interagency leadership training through the Federal Executive Institute for members of the Senior Executive Service corps and high potential GS-15 managers who are candidates for the SES.
- Improve government performance of Federal career leaders by providing high quality, competency based, intellectually challenging, affordable, interagency residential seminars for senior-level managers in the areas of leadership, management and policy implementation at the Management Development Centers (Denver, CO, and Shepherdstown, WV).
- Promote leadership skills and provide an overview of current Government policies and issues by developing and delivering orientation programs for new senior executives and Schedule C employees.
- Recognize annually Federal organizations that have demonstrated exemplary quality improvements by managing the President's Quality Award Program.

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Indicators/Performance Results:

- Outcome evaluation assesses the extent to which a program achieves its outcome-oriented objectives. It focuses on outputs and outcomes to judge program effectiveness, but may also assess program process to understand how outcomes are produced. Course evaluations (described above) are used to assess overall program quality and effectiveness and how well courses improve participant's individual and organizational effectiveness (outcome). The analysis of those evaluations is used to continually review and update the training and development programs and curriculum (process).

Finally, ER output is measured primarily as the net increases and decreases in participants, and participant training days.

	FY 1998	FY 1999	FY 2000
Sessions	228	218	225
Participants	6,770	7,476	7,795
Participant Training Days	66,745	72,513	75,233

- Increases in participant training, coupled with high course evaluations and a systematic approach to improvement in program delivery and curriculum based on the course evaluations is the basis for ER's overall outcome evaluation.
- ER's financial strategies continue to support current and future program needs, as well as maintain a strong fiscal condition. Financial performance for each organization is measured as a function of annual income and cost in the context of a three-year financial plan which includes meeting the requirements to "break-even" and setting a 3-year investment horizon to ensure that ER is careful and thorough about providing full value to its customers.

In FY 1998, ER's investment strategy included the outfitting and start-up of the Federal Executive Institute's annex, and the relocation and start-up of the new Eastern Management Development Center in Shepherdstown, WV.

In FY 1999, ER's strong financial condition and investment strategy will be used to develop new computer based simulations and case studies. These techniques greatly enhance learning by efficiently recreating realistic working situations for participants to resolve. When completely integrated into the programs of the ER delivery system, these computer based simulations maximize the learning required to assure improved leadership in government.

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- In FY 2000, financial performance standards for each organization will include actual performance within tolerances of initial estimate (+\$250k,-\$125k), sufficient cumulative retained earnings reserves to accommodate appropriate contingencies, and an investment strategy consistent with program requirements and break-even over a three-year period.

VERIFICATION AND VALIDATION

- Baseline estimates of production (i.e., sessions, participants and participant training days) and financial data (i.e., income, obligations, costs and cumulative results of operations) are prepared annually during the planning process. Actual data on production is collected and maintained locally (i.e., at FEI, EMDC and WMDC), reported to the program's Director on a monthly basis, and analyzed relative to baseline estimates. Actual production data on sessions and training days are verifiable based on an assessment of published program schedules. Actual data on participants is verifiable based on an analysis of income data by course. Financial data is collected and maintained in the OPM financial management system. Verification of the financial data is the responsibility of the Office of the Chief Financial Officer, OPM. Financial management information from the financial management system is reviewed, reconciled and analyzed at the operating level on a monthly basis. The local analysis is further analyzed at the nationwide program level relative to initial estimates and performance tolerances. Analysis at the highest level will result in feedback to the operating programs on performance to date, future expectations, and/or remedial actions needed.
- Participant surveys are collected for each session at the operating level, summarized, reported, explained and forwarded to the program's Director. Analysis at the nationwide program level will result in feedback to the operating programs on performance to date, future expectations and/or remedial actions needed.
- Results of the OPM Customer Satisfaction Survey will also aid in measuring the responsiveness and value of programs and services.

FY 2000 BUDGET CHANGES:

An increase of \$394,000 is estimated to cover the cost of pay raise and inflation.

BUDGET IN BRIEF



Fiscal Year 2000

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

OPM

February 1999

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U. S. OFFICE OF PERSONNEL MANAGEMENT

FY 2000 BUDGET JUSTIFICATION/PERFORMANCE PLAN

EXECUTIVE SUMMARY

We have incorporated our FY 2000 Congressional budget justification and our FY 2000 Annual Performance Plan required by the Government Performance and Results Act into this single, comprehensive document. In the following Executive Summary, we have identified the key challenges, our agency priorities, and funding implications, which are described in more detail in the individual program plans included in the complete Annual Plan. All of our initiatives tie into the long-term goals and objectives identified in our strategic plan, Federal Human Resources Management for the 21st Century, submitted to Congress on September 29, 1997.

U.S. OFFICE OF PERSONNEL MANAGEMENT'S LEADERSHIP ROLE

The President leads the Federal Government's civilian workforce of approximately 1.8 million employees (not counting postal workers). The U. S. Office of Personnel Management (OPM) is the President's agent and advisor for the Government's human resources management systems. *OPM's key responsibility is to ensure that these systems support agencies in recruiting, hiring, and retaining the merit-based, high-quality, diverse workforce necessary to meet the needs of the American people.*

OPM's strategy is to provide human resources management (HRM) leadership and services for all agencies, in a manner that blends and balances flexibility and consistency across Government. Specifically, our strategy is to serve the interests of the Government as a single employer by sustaining essential Governmentwide values, such as merit system principles and accountability, veterans' preference, workforce diversity, and family friendly policies. And, at the same time, we equip agencies with the flexible policies and systems necessary to recruit, retain, train, and manage employees in a manner appropriate to each agency's unique needs. We also administer Governmentwide compensation, earned employee benefits, and automated information systems. These systems serve the Government's best interests as an employer and offer economies-of-scale only available when designed and managed on a Governmentwide basis. We provide assistance and services to agencies through an effective and efficient mix of appropriated, trust, and reimbursable funds.

In carrying out its functions, OPM relies heavily on its own expert staff, broadly applied cutting-edge technology, and effective partnerships with a wide range of stakeholder groups who represent many points of view. These include Federal agencies, current Federal employees; employee unions and the National Partnership Council; professional and management associations; Federal annuitants and their organizations; job-seekers; veterans and their service

organizations; minorities, women, and persons with disabilities and their organizations; colleges and universities and their associations; and insurance carriers.

CHALLENGES AND PRIORITIES FOR THE YEAR 2000

The world of work has changed significantly in the last 20 years, for both the private and the public sectors. The increased availability and need for information has changed every worker into a knowledge worker. Workers require new skills and competencies to succeed in new organizational structures, like teams, and to adapt to rapidly changing directions and technology, while still delivering good customer service.

As the Federal workforce began to face these challenges in recent years, it also was downsized significantly. Yet, within this same period, not only has the Federal workforce survived, but it has thrived. With the support of good HRM leadership, three major changes in the workforce have occurred -- changes that will assist in meeting the increasing demands facing the Federal Government:

- The Federal workforce has become more diverse and representative of the entire spectrum of the American population. Although significantly smaller in size, it has retained its improved diversity, and is also better educated, and thus better able to handle the technical complexities of the modern work environment.
- The Federal workforce is much more focused on its customer -- the American public. Results from a recent Governmentwide survey administered by the National Partnership for Reinventing Government (NPR) show a dramatic increase in customer orientation.
- The growth of partnership between management and employees has allowed cooperative relationships to flourish and has helped this smaller workforce to maintain and improve its service to the public.

OPM's challenge for FY 2000 and beyond is to provide HRM systems that not only continue to respond so effectively to the dramatic changes of the past 20 years, but also will adapt readily to the workplace of the future -- as it changes in ways and at speeds we cannot begin to imagine.

We will meet this challenge through a series of initiatives that include human resources management accountability, performance-oriented compensation, staffing flexibilities, the key role of executive leadership and more. Best practice and benchmarking reviews make it plain that "one size fits all" approaches in areas like compensation and staffing do not effectively serve agencies and their differing strategic objectives. We will work to provide agencies with system flexibilities to more strongly link pay and performance for Federal employees and help agencies recruit and retain the high-quality, diverse workforce they need to meet their mission and respond to increasing customer and workplace demands. At the same time, we recognize that the creation

of additional personnel flexibilities increases the need for OPM to ensure that the Government's HRM systems are designed and operated under merit principles.

OPM is committed to getting all agencies and all segments of the workforce the flexibilities necessary to meet their strategic goals more effectively. In addition, we will work to get the HRM profession full recognition as a strategic partner in accomplishing the business of agencies.

OPM's Top Priorities for FY 2000

OPM's top seven priorities for FY 2000 will help to meet these challenges. Our priorities are:

1. Improve linkage between pay and performance.

OPM will continue to develop programs that support the idea that compensation should be linked to performance and results. In FY 2000, OPM will introduce short-term changes (based on work begun in FY 1999) to improve Federal pay and performance management systems, and will continue to promote improved employee performance by maintaining a flexible framework for performance management which encourages and rewards good performance and strengthens the link between performance and pay. OPM will also continue its longer term effort to develop a performance-oriented total compensation system suitable for the variety of missions, structures, labor markets, and technologies that will characterize the Federal workplace of the 21st century. We have established the Total Compensation Policy Center to conduct research and outreach to our stakeholders to find out what the Government needs to change in order to compete in the next century. In addition, through our new Center for Benefits Design and Delivery, we will position ourselves to move forward with enhancements to the Federal employee earned benefits programs. These enhancements include new life insurance products and the Administrations proposal to offer long-term care for Federal employees and annuitants.

2. Provide flexibilities and tools for recruitment and hiring.

After a long period of restructuring and downsizing, agencies are facing immediate needs for hiring in several mission-critical occupations, such as information technology and law enforcement, and are facing potential needs from baby boom demographics and the increase in retirements that will result. Both the immediate and long-term needs require improved recruitment tools and additional hiring flexibilities. Agencies need model recruitment plans which target the new skills and diverse backgrounds required to accomplish their missions; quick hiring programs which enable them to compete in a tight job market; special hiring programs such as the Presidential Management Intern and new entry level intern programs that attract high quality, diverse future managers to the Federal workforce; and executive succession planning. Priority will be given to improving Federal employment opportunities for adults with disabilities and Hispanic Americans, and to initiatives to recruit, develop, and retain computer security professionals. And, because the workforce of the future will need new competencies and skills, we will provide information and tools to identify and assess these competencies. We will also

continue to support the highly automated, accessible USAJOBS competitive job information system, which supports merit principles by providing fair and open access to all candidates, and which saves the Government millions of dollars each year because agencies have no need to create redundant and expensive systems of their own. We will also work with agencies to develop workforce planning and analysis tools to assist them in assessing and projecting their internal skill and workforce composition needs, identifying recruitment sources, and conducting meaningful succession planning.

3. Strengthen oversight.

OPM's essential ability to oversee the merit system is a continuing priority. Human resources management authorities increasingly have been made more flexible, and delegated to line managers. Many agencies have been exempted from key provisions of the civil service laws in title 5, United States Code, but they still must observe merit system principles. Also many agencies have cut their human resources support staffs by half. This, coupled with increased flexibility and delegations in personnel authority, has significantly increased the potential for abuse of the merit system in agency personnel actions. We will strengthen our activities to support compliance with the merit principles through oversight visits, to provide assistance to agency delegated examining units, and to work with agencies to develop new internal accountability systems.

4. Refocus attention on learning.

OPM will be leading the Federal Government's initiative to reinvigorate training and development programs to produce a high performance workforce, at all levels from entry to executive, for the 21st century. In FY 2000, the interagency Task Force on Federal Training Technology, chaired by OPM's Director, will finalize recommendations for a policy to provide for the effective use of technology to improve training for Federal employees. OPM will work closely with other agencies and the private sector to identify the barriers to effective training programs and recommend changes to procurement laws, identify opportunities for cross-agency training, and recommend standards for training software purchases by Federal agencies.

5. Modernize HR Information Technology.

OPM is working to modernize its internal systems and processes to improve the utility and accessibility of information for merit system oversight reviews, for retirement processing, and for planning and budgeting by external users such as the Office of Management and Budget (OMB), the White House, Congress, the General Accounting Office (GAO), other Federal agencies, the media, and the public. These ongoing modernization efforts complement the broader, Governmentwide vision of a "Virtual Federal Human Resources Data Repository" (VHRDR) currently being analyzed by the interagency Human Resources Technology Council (HRTC). The VHRDR will enable the electronic transfer of HR data across Government, streamline and

improve Governmentwide reporting, and eventually allow for the elimination of cumbersome and costly paper personnel records.

A critical component of this priority is Retirement Systems Modernization (RSM). Based on business processes that are reengineered in consultation with OPM's strategic business partners, the initiative is critical to our ability to continue improving the delivery of retirement program services to both annuitants and employees. For example, without modernized systems we will not be able to reduce Federal Employee Retirement System (FERS) processing times, as we have successfully done for Civil Service Retirement System (CSRS) annuitants.

Another critical component is the modernization of the Central Personnel Data File (CPDF) to improve communication with those agencies submitting CPDF data, to make the information more readily accessible, and to integrate this effort into the VHRDR initiative.

6. Support the family friendly workplace.

OPM will continue to lead the Federal Government to be the model employer for family friendly programs, including providing affordable child care options, alternative work schedules, and family and medical leave. These programs are essential to help our workforce better balance the ever increasing demands of work and home responsibilities. In addition, the most competitive companies in the private sector find that programs like these help them attract and retain the best and brightest employees. OPM's Family Friendly Workplace Advocacy Office will become fully operational by FY 2000, and will serve as a central point of contact for Federal workers who need information on family friendly initiatives as well as those who wish to raise concerns about the operation of these programs within their organizations.

7. Improve financial management.

OPM is committed to continuous improvement in all of its financial management operations, systems, policies and procedures as well as improving the quality of service to all customers. Over the past few years, internal and external reviews and audits have identified internal and management control weaknesses in our financial administrative and trust funds areas. We have categorized those that are most vital to mission success and which involve long-term fixes and those that can be strengthened in the near term. We have made significant progress in addressing and correcting these. OPM will continue to use Quality Improvement Teams (QITs) comprised of cross-functional representatives including the Office of the Inspector General to address these areas.

MEASURING OUR SUCCESS

In September 1997, OPM delivered its first Strategic Plan to the Congress, covering 1997 - 2002. The Plan includes five major goals -- four external and one internal -- which are all focused on the overarching outcome of achieving a high-quality, diverse Federal workforce, within the principles

of a merit-based system. The five strategic goals define outcomes for policy leadership, oversight, technical assistance, and direct service delivery (external goals), and operating as a model employer (internal goal), to be reached by the end of FY 2002. The FY 2000 Annual Plan sets incremental targets for progress toward the strategic goals.

Both the Strategic Plan and the Annual Plan use the process of multi-measurement to assess our success in meeting the overarching goal of a high-quality, diverse workforce. Assessment of the quality of any workforce -- Federal or otherwise -- has been recognized as a significant measurement challenge. Consequently, OPM is using a measurement approach which depends on a balanced set of intermediate indicators from multiple available data sources. Two key indicators are direct surveys to assess the perceptions of Federal employees about workforce quality and the fairness and equity of HRM processes, and user surveys -- from both public and internal customers -- to assess customer satisfaction with the content, process and outcomes of policies and services.

The primary employee surveys used are the OPM Merit System Principles Questionnaire and the National Partnership for Reinventing Government (NPR) Survey. The primary customer surveys used are OPM agency customer surveys (HR Directors and HR specialists) and surveys of job-seekers, annuitants, and health insurance users. Other direct measures include data on the diversity of the Federal workforce, timeliness and quality of operations, and usage data (such as web site visitors).

Other key indicators are qualitative in nature, rather than quantitative. These are the results of externally conducted program evaluations, conducted by such entities as the Merit Systems Protection Board (MSPB), the GAO, and the National Academy of Public Administration (NAPA). Each of these organizations conducts periodic studies of Federal HRM practices and outcomes, and their findings are an important measure of program success.

Finally, in some instances OPM relies on indirect, or surrogate, measures as indicators. One surrogate measure is the use of competency-based selection tools to hire and promote workers. The assumption underlying this measure is that recent research has identified the wide range of competencies needed by employees in today's changing workplace, and the use of tools which are based on a full evaluation of these competencies will translate to a more highly-qualified workforce.

The section of this Annual Plan entitled "Verification and Validation of Data" provides a complete discussion of the complexities associated with these and other measures used in our Plan, and the steps planned or taken by OPM to ensure that the data are valid and verifiable.

HOW OPM'S ANNUAL PLAN ADDRESSES OUR PRIORITIES

As it was for FY 1999, our FY 2000 Annual Plan is completely integrated with our Congressional Budget Justification. Because it is linked to the budget, the details of the Annual Plan are organized by program area and funding source.

To assist with understanding the linkages between the overall OPM priorities and the individual performance plans for each program area, we have included two reference tools: 1) a complete listing of all of the program goals that relate to each Strategic Plan goal; and 2) a table of resources linked to each strategic goal.

FY 2000 BUDGET REQUEST

OPM's total FY 2000 request of \$14.5 billion, an increase of \$0.9 billion over FY 1999, is composed of appropriations that are 1 percent discretionary and 99 percent mandatory. OPM's budget request consists of two discretionary appropriation accounts containing general funds and trust funds totaling \$197.7 million and three mandatory payment appropriations totaling an estimated \$14.3 billion. In FY 2000, OPM's administrative accounts will support 2,984 FTE, the same level as in FY 1999. Since our downsizing began in FY 1993, we have reduced our FTE level by 52 percent or 3,224 from the base level of 6,208. (Refer to "OPM FY 2000 Appropriation Request" table for details.)

DISCRETIONARY APPROPRIATIONS**Salaries and Expenses:**

OPM's general fund request for basic operating expenses totals \$91.6 million and 733 FTE, which includes a total increase of \$6.2 million over FY 1999, will allow us to continue to provide high-quality, innovative human resources leadership, oversight, and technical assistance to Federal agencies, including the priority goals for FY 2000 described above. The increase includes: 1) \$3.4 million for reimbursement of new National Archives and Records Administration (NARA) fees for the cost of storing and servicing official personnel files for all agencies Governmentwide. This accommodates a decision to change NARA's financing from an appropriated to reimbursable basis. This financing change will require OPM to reimburse NARA for its Governmentwide services and will not directly benefit OPM; 2) \$2.0 million to initiate an outreach program with high schools, colleges, and universities and to develop strategies to recruit and train students for information security and technology occupations in the Federal Government; 3) \$0.6 million to expand OPM's oversight efforts in ensuring that merit system principles are followed; and 4) \$0.2 million for the agency's information technology infrastructure.

For the administration of the civil service retirement and insurance programs, OPM is requesting a total of \$95.5 million in transfers from the trust funds for 1,357 FTE. The request includes an increase of \$4.0 million to remain available until expended for the Retirement Systems Modernization Project, an OPM priority discussed above. Also included is a small increase of \$0.3 million to assist in the development of a new Center for Benefits Design and Delivery. We also anticipate funding to administer the Administration's proposal for a new long-term care insurance program for Federal employees, their spouses, parents and parents-in-law.

This account also includes 110 FTE to be financed by reimbursements from other agencies for the provision of HRM technical assistance, and from OPM programs for the provision of agency-wide services.

Office of Inspector General Salaries and Expenses:

The request for the Office of the Inspector General (OIG) totals \$10.6 million and 111 FTE, and includes about \$1.0 million in general funds and \$9.6 million in transfers from the trust funds to enable the OIG to carry out its audit, investigative and review responsibilities. The request includes an increase of \$0.5 million in trust funds and 5 FTE to enable the OIG to increase the frequency of Federal Employees Health Benefits Program (FEHBP) audits. This account also includes one FTE to be financed by reimbursements from the Department of Treasury's Auditor Training Institute.

REVOLVING FUND

OPM provides a variety of services that are financed by payments from other agencies through the Revolving Fund. For ongoing Revolving Fund programs, the FY 2000 budget includes an estimated \$194.1 million in obligations and 673 FTE to be financed by other agencies for OPM's services. These services include: training for Federal managers and executives; testing of potential military inductees for the Department of Defense in those locations where it is cost-effective for OPM to do so; providing employment information; providing assessment services; automating other agencies' staffing systems; examining for vacancies when requested by an agency; providing technical assistance and general consultation services on all facets of human resources management; and the selection, coordination and development of Presidential Management Interns. The Investigations Service conducts checks, inquiries, and background security investigations of individuals who are candidates for positions identified as critical-sensitive by the requesting agencies, or reinvestigations of individuals occupying positions identified as critical-sensitive.

OPM reversed a ten-year trend of increasing deficits in its Revolving Fund by making tough management decisions, imposing tighter financial controls across all programs, increasing accountability, and downsizing. In addition, OPM successfully privatized two major Revolving Fund programs, training and investigations, including the creation of the Government's first Employee Stock Ownership Plan. These actions have resulted in the Revolving Fund continuing to be above the breakeven point at the end of FY 1998 after experiencing a \$48.8 million deficit at the end of FY 1994.

MANDATORY APPROPRIATIONS

Government Payment for Annuitants, Employees Health Benefits:

A "such sums as may be necessary" appropriation is requested for an estimated \$5.1 billion, an increase of \$0.5 billion over FY 1999, to finance the Government's share of health benefit costs for 1.9 million annuitants participating in the program.

Government Payment for Annuitants, Employees Life Insurance:

A "such sums as may be necessary" appropriation is requested for an estimated \$36.2 million, an increase of \$1.6 million over FY 1999, to finance the Government's share of life insurance premiums for 280,000 annuitants electing post-retirement coverage.

Payment to the Civil Service Retirement and Disability Fund:

A "such sums as may be necessary" appropriation is requested to fund an estimated \$9.1 billion, an increase of \$0.4 billion over FY 1999, for payments to finance liabilities created by legislation enacted since 1969 which affected benefits (primarily pay raises).

FOUNDATION OF THE FY 2000 ANNUAL PERFORMANCE PLAN

The foundation for our integrated FY 2000 Annual Performance Plan and Budget Justification can be found in *Federal Human Resources Management for the 21st Century*, OPM's Strategic Plan for FY 1997 through FY 2002. The cornerstone for that plan is its mission statement and five related strategic goals:

OPM's STRATEGIC MISSION STATEMENT

As the leader in human resource management for the Executive branch of government, OPM develops policies, in cooperation with Federal agencies and other stakeholders, so that agencies can recruit, hire, and retain workforces best suited to their missions. OPM oversees the Government wide implementation of those policies so that agencies will uphold national values that are embodied in law — including merit principles and veterans' preference. OPM manages Government wide systems that support agencies and their employees by administering retirement, insurance, and other benefit systems for Federal employees and annuitants. OPM also administers Government wide compensation systems and maintains automated information systems that are used to inform the public of Federal employment opportunities and are used to keep managers and the public informed about the nature and size of the current Federal workforce. OPM also provides high-quality, cost-efficient services to other agencies.

OPM'S STRATEGIC GOALS

- Goal I Provide policy direction and leadership to recruit and retain the Federal workforce required for the 21st Century.
- Goal II. Protect and promote the merit-based civil service and the employee earned benefit programs through an effective oversight and evaluation program.
- Goal III. Provide advice and assistance to help Federal agencies improve their human resources management programs to effectively operate within the economy, demographics and environment of the 21st Century.
- Goal IV. Deliver high-quality, cost-effective human resources services to federal agencies, employees, annuitants and the public.
- Goal V. Establish OPM as a leader in creating and maintaining a sound, diverse and cooperative work environment.

OPM FY 2000 APPROPRIATION REQUEST

ACCOUNTS REQUIRING CONGRESSIONAL ACTION

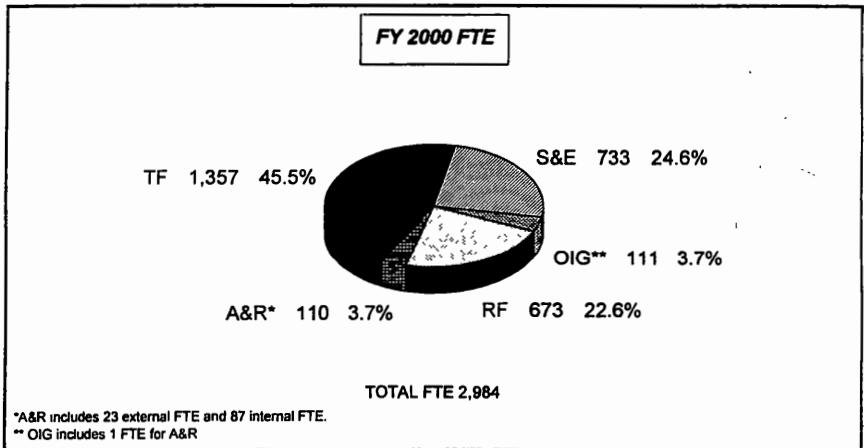
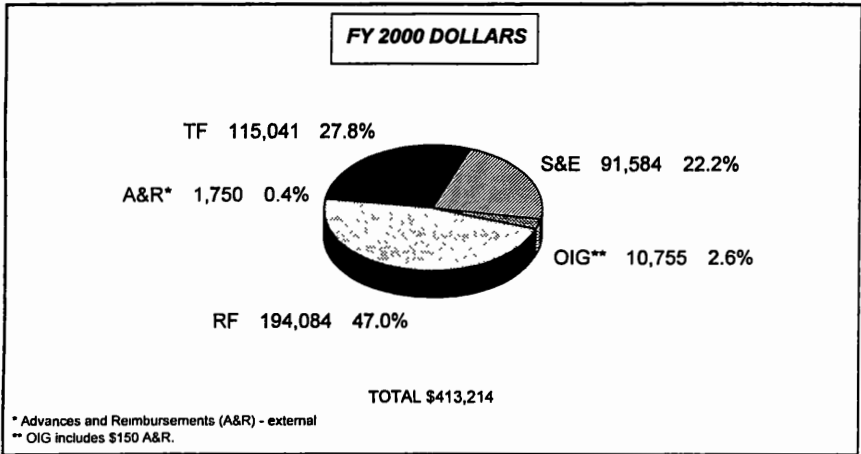
(dollar amounts in thousands)

	<u>GENERAL FUND BUDGET AUTHORITY</u>	<u>TRUST FUNDS BUDGET AUTHORITY</u>	<u>TOTAL</u>
TOTAL REQUEST	<u>\$14,355,105</u>	<u>\$105,131</u>	<u>\$14,460,236</u>
APPROPRIATIONS:			
<u>Discretionary:</u>	<u>92,544</u>	<u>105,131</u>	<u>197,675</u>
Salaries & Expenses:	91,584	95,486	187,070
General Fund	91,584	---	91,584
Trust Funds - Annual	---	91,486	91,486
Trust Funds - Retirement Systems			
Modernization, (No-Year)	---	4,000	4,000
OIG Salaries & Expenses:	960	9,645	10,605
General Fund	960	---	960
Trust Funds	---	9,645	9,645
<u>Mandatory:</u>	<u>14,262,561</u>	<u>---</u>	<u>14,262,561</u>
Government Payment for Annuitants,			
Employees Health Benefits	5,105,482	---	5,105,482
"Such sums as may be necessary"			
Government Payment for Annuitants,			
Employees Life Insurance	36,207	---	36,207
"Such sums as may be necessary"			
Payment to the Civil Service			
Retirement and Disability Fund: *	9,120,872	---	9,120,872
"Such sums as may be necessary"			

* Permanent budget authority of \$12,690,665 (not shown here) requires no Congressional action.

OFFICE OF PERSONNEL MANAGEMENT FY 2000 ADMINISTRATIVE OBLIGATIONS

(\$000s)



OFFICE OF PERSONNEL MANAGEMENT

ADMINISTRATIVE OBLIGATIONS

(dollar amounts in thousands)

ACCOUNT

	FY 1999		FY 2000		FY 2000 CHANGE	
	\$	FTE	\$	FTE	\$	FTE
Salaries and Expenses:	\$207,309	2,183	\$208,375	2,200	\$1,066	17
General Fund	85,350	716	91,584	733	6,234	17
General Fund Carryover	200	---	---	---	(200)	---
Trust Funds Total:	120,009	1,357	115,041	1,357	(4,968)	---
Trust Fund (annual)	91,236	1,348	91,486	1,357	250	9
Trust Fund (annual) - Carryover	---	---	---	---	---	---
Trust Fund - Title V	19,555	---	19,555	---	---	---
Trust Fund (no-year)	9,218	9	4,000	---	(5,218)	(9)
Advances and Reimbursements	1,750 *	110	1,750 *	110	---	---
Inspector General - Salaries & Expenses:	\$10,300	106	\$10,755	111	\$455	5
General Fund	960	10	960	10	---	---
General Fund - Carryover	25	---	---	---	(25)	---
Trust Fund (annual)	9,145	95	9,645	100	500	5
Trust Fund (annual) - Carryover	20	---	---	---	(20)	---
Advances & Reimbursements	150	1	150	1	---	---
Revolving Fund:	\$188,375	695	\$194,084	673	\$5,709	(22)
DOD Testing	7,601	157	7,980	157	379	---
Employment Service	34,038	364	36,083	364	2,045	---
Investigations Service	87,713	35	89,748	35	2,035	---
Workforce Relations	36,622	27	37,478	27	856	---
Executive Resources	22,401	69	22,795	69	394	---
Agency Reserve (FTE)	---	43	---	21	---	(22)
TOTAL OPM	\$405,984	2,984	\$413,214	2,984	\$7,230	---

* External

OFFICE OF PERSONNEL MANAGEMENT
FY 2000 TRANSFERS FROM THE TRUST FUNDS

NEW OBLIGATIONAL AUTHORITY
(dollar amounts in thousands)

	OPM		
	<u>S&E</u>	<u>OIG</u>	<u>TOTAL</u>
<u>TRUST FUNDS:</u>			
Civil Service Retirement and Disability Fund:			
Annual	\$75,103	\$1,061	\$76,164
No-Year (Retirement Systems Modernization)	<u>4,000</u>	<u>---</u>	<u>4,000</u>
Sub-Total	\$79,103	\$1,061	\$80,164
Employees and Retired Employees Health Benefits	14,988	8,102	23,090
Employees Life Insurance	1,395	482	1,877
Total OPM	<u>\$95,486</u>	<u>\$9,645</u>	<u>\$105,131</u>

The Merit Systems Protection Board (MSPB) also receives an annual transfer for administrative costs from the Civil Service Retirement and Disability Fund. MSPB's FY 2000 request is \$2,430. MSPB is not part of OPM and submits its budget separately.

**FY 2000 Resource Summary
by Strategic Goal**

OFFICE OF PERSONNEL MANAGEMENT

FY 2000 RESOURCE SUMMARY BY STRATEGIC GOAL
(dollar amounts in thousands)

SUMMARY OF GOALS I THROUGH V

ACTIVITIES	<u>Salaries & Expenses</u>		<u>Trust Fund</u>		<u>Advances & Reimbursements</u>		<u>Revolving Fund</u>		<u>Total</u>	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Grand Total	82,844	743	124,886	1,457	1,900	111	194,084	673	413,214	2,984
Merit Sys. Oversight & Effectiveness	21,244	212	0	0	0	0	0	0	21,244	212
Employment Service	30,893	219	0	0	0	0	36,063	364	66,976	583
ES - DOD Testing	0	0	0	0	0	0	7,980	157	7,980	157
Retirement & Insurance Service	0	0	108,307	1,280	750	5	0	0	109,057	1,285
Workforce Comp. & Perf. Service	7,659	74	0	0	500	7	0	0	8,159	81
Investigations Service	3,141	29	0	0	0	0	89,748	35	92,889	64
Workforce Relations	3,812	38	0	0	500	10	37,478	27	41,790	75
Executive Resources	2,494	23	0	0	0	1	22,795	69	25,289	93
Administrative Services	14,186	57	2,909	31	3,561	48	0	0	20,656	136
Executive & Other Services	8,155	81	3,825	46	3,908	39	0	0	15,888	166
Agency FTE Reserve	0	0	0	0	0	0	0	21	0	21
Less Internal A&R	0	0	0	0	(7,469)	0	0	0	(7,469)	0
Total	81,884	733	115,041	1,357	1,750	110	194,084	673	402,489	2,873
Inspector General	980	10	9,845	100	150	1	0	0	10,755	111

Goal I. PROVIDE POLICY DIRECTION AND LEADERSHIP TO RECRUIT AND RETAIN THE FEDERAL WORKFORCE REQUIRED FOR THE 21ST CENTURY.

ACTIVITIES	<u>Salaries & Expenses</u>		<u>Trust Fund</u>		<u>Advances & Reimbursements</u>		<u>Revolving Fund</u>		<u>Total</u>	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Total	44,516	340	16,738	252	3,038	32	0	0	63,291	624
Merit Sys. Oversight & Effectiveness	6,434	61	0	0	0	0	0	0	6,434	61
Employment Service	13,508	80	0	0	0	0	0	0	13,508	80
ES - DOD Testing	0	0	0	0	0	0	0	0	0	0
Retirement & Insurance Service	0	0	14,950	244	0	0	0	0	14,950	244
Workforce Comp. & Perf. Service	7,154	68	0	0	0	0	0	0	7,154	68
Investigations Service	2,854	27	0	0	0	0	0	0	2,854	27
Workforce Relations	2,343	26	0	0	0	0	0	0	2,343	26
Executive Resources	1,746	16	0	0	0	0	0	0	1,746	16
Administrative Services	6,127	18	253	2	848	11	0	0	7,228	31
Executive & Other Services	4,350	44	536	6	2,188	21	0	0	7,074	71
Total	44,516	340	16,738	252	3,038	32	0	0	63,291	624
Inspector General	0	0	0	0	0	0	0	0	0	0

**FY 2000 Resource Summary
by Strategic Goal**

Goal II. PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND EVALUATION PROGRAM.

ACTIVITIES	<u>Salaries & Expenses</u>		<u>Trust Fund</u>		<u>Advances & Reimbursements</u>		<u>Revolving Fund</u>		<u>Total</u>	
	\$ FTE		\$ FTE		\$ FTE		\$ FTE		\$ FTE	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Total	22,126	202	22,167	240	289	4	0	0	44,582	448
Merit Sys. Oversight & Effectiveness	11,670	117	0	0	0	0	0	0	11,670	117
Employment Service	6,532	47	0	0	0	0	0	0	6,532	47
ES - DOD Testing	0	0	0	0	0	0	0	0	0	0
Retirement & Insurance Service	0	0	11,563	130	0	0	0	0	11,563	130
Workforce Comp. & Perf. Service	0	0	0	0	0	0	0	0	0	0
Investigations Service	267	2	0	0	0	0	0	0	267	2
Workforce Relations	70	1	0	0	0	0	0	0	70	1
Executive Resources	0	0	0	0	0	1	0	0	0	1
Administrative Services	842	8	337	3	71	1	0	0	1,250	12
Executive & Other Services	1,785	17	612	7	78	1	0	0	2,455	25
Total	21,168	192	12,612	140	148	3	0	0	33,827	336
Inspector General	980	10	9,645	100	150	1	0	0	10,755	111

Goal III. PROVIDE ADVICE AND ASSISTANCE TO HELP FEDERAL AGENCIES IMPROVE THEIR HUMAN RESOURCES MANAGEMENT PROGRAMS TO EFFECTIVELY OPERATE WITHIN THE ECONOMY, DEMOGRAPHICS AND ENVIRONMENT OF THE 21ST CENTURY.

ACTIVITIES	<u>Salaries & Expenses</u>		<u>Trust Fund</u>		<u>Advances & Reimbursements</u>		<u>Revolving Fund</u>		<u>Total</u>	
	\$ FTE		\$ FTE		\$ FTE		\$ FTE		\$ FTE	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Total	18,384	168	1,642	23	3,216	39	0	0	23,242	227
Merit Sys. Oversight & Effectiveness	2,093	23	0	0	0	0	0	0	2,093	23
Employment Service	10,853	92	0	0	0	0	0	0	10,853	92
ES - DOD Testing	0	0	0	0	0	0	0	0	0	0
Retirement & Insurance Service	0	0	1,563	23	750	5	0	0	2,333	28
Workforce Comp. & Perf. Service	505	6	0	0	500	7	0	0	1,005	13
Investigations Service	0	0	0	0	0	0	0	0	0	0
Workforce Relations	1,369	11	0	0	500	10	0	0	1,869	21
Executive Resources	748	7	0	0	0	0	0	0	748	7
Administrative Services	910	8	21	0	684	9	0	0	1,615	17
Executive & Other Services	1,676	18	38	0	782	8	0	0	2,696	26
Total	18,384	168	1,642	23	3,216	39	0	0	23,242	227
Inspector General	0	0	0	0	0	0	0	0	0	0

**FY 2000 Resource Summary
by Strategic Goal**

Goal IV. DELIVER HIGH-QUALITY, COST-EFFECTIVE HUMAN RESOURCES SERVICES TO FEDERAL AGENCIES, EMPLOYEES, ANNUITANTS AND THE PUBLIC

ACTIVITIES	<u>Salaries & Expenses</u>		<u>Trust Fund</u>		<u>Advances & Reimbursements</u>		<u>Revolving Fund</u>		<u>Total</u>	
	\$ FTE		\$ FTE		\$ FTE		\$ FTE		\$ FTE	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Total	4,692	14	84,346	931	1,920	19	194,084	652	285,041	1,616
Merit Sys. Oversight & Effectiveness	1,047	11	0	0	0	0	0	0	1,047	11
Employment Service	0	0	0	0	0	0	36,083	364	36,083	364
ES - DOD Testing	0	0	0	0	0	0	7,980	157	7,980	157
Retirement & Insurance Service	0	0	80,211	883	0	0	0	0	80,211	883
Workforce Comp. & Perf. Service	0	0	0	0	0	0	0	0	0	0
Investigations Service	0	0	0	0	0	0	89,748	35	89,748	35
Workforce Relations	0	0	0	0	0	0	37,478	27	37,478	27
Executive Resources	0	0	0	0	0	0	22,795	69	22,795	69
Administrative Services	3,481	1	1,495	15	1,060	10	0	0	6,036	26
Executive & Other Services	164	2	2,639	33	860	9	0	0	3,663	44
Total	4,692	14	84,346	931	1,920	19	194,084	652	285,041	1,616
Inspector General	0	0	0	0	0	0	0	0	0	0

Goal V. ESTABLISH OPM AS A LEADER IN CREATING AND MAINTAINING A SOUND, DIVERSE AND COOPERATIVE WORK ENVIRONMENT.

ACTIVITIES	<u>Salaries & Expenses</u>		<u>Trust Fund</u>		<u>Advances & Reimbursements</u>		<u>Revolving Fund</u>		<u>Total</u>	
	\$ FTE		\$ FTE		\$ FTE		\$ FTE		\$ FTE	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
Total	2,826	22	803	11	898	17	0	0	4,527	50
Merit Sys. Oversight & Effectiveness	0	0	0	0	0	0	0	0	0	0
Employment Service	0	0	0	0	0	0	0	0	0	0
ES - DOD Testing	0	0	0	0	0	0	0	0	0	0
Retirement & Insurance Service	0	0	0	0	0	0	0	0	0	0
Workforce Comp. & Perf. Service	0	0	0	0	0	0	0	0	0	0
Investigations Service	0	0	0	0	0	0	0	0	0	0
Workforce Relations	0	0	0	0	0	0	0	0	0	0
Executive Resources	0	0	0	0	0	0	0	0	0	0
Administrative Services	2,826	22	803	11	898	17	0	0	4,527	50
Executive & Other Services	0	0	0	0	0	0	0	0	0	0
Total	2,826	22	803	11	898	17	0	0	4,527	50
Inspector General	0	0	0	0	0	0	0	0	0	0

**COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED**

Salaries and Expenses

For necessary expenses to carry out the functions of the Committee for Purchase From People Who Are Blind or Severely Disabled established by the Act of June 23, 1971, Public Law 92-28 [\$2,464,000] \$2,674,000 (Independent Agencies Appropriations Act, 1998.)

COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED

PROGRAM OVERVIEW

Salaries and Expenses: 95-2000-0-1-505

Program Overview #0001-1

Long-Range Goals

In accordance with the authorities of the Javits-Wagner-O'Day (JWOD) Act of 1971, to increase the sales of nonprofit agencies employing people who are blind or have other severe disabilities to the Federal Government and thereby:

- Provide persons who are blind or have other severe disabilities with employment and training that will develop and improve job skills.
- Help prepare blind persons and other individuals with severe disabilities for employment options outside the JWOD Program.

Major Objectives

Determine which additional commodities and services the Government procures are suitable for provision by qualified nonprofit agencies employing persons who are blind or have other severe disabilities and add items that will generate employment for such persons to the Committee's Procurement List.

Encourage and assist entities of the Federal Government to procure commodities and services from nonprofit agencies serving people who are blind or have other severe disabilities to the maximum extent possible.

Determine fair market prices for items added to the Procurement List, and revise those prices in accordance with changing market conditions to assure that they continue to represent fair market values.

Assure nonprofit agency compliance with Committee regulations and procedures.

Designate, establish appropriate fees for, and provide guidance to central nonprofit agencies engaged in facilitating the distribution of Government orders and helping nonprofit agencies participate in the JWOD Program.

Provide technical assistance, including studies, to the central nonprofit agencies and participating nonprofit agencies to contribute to the successful implementation of the JWOD Act.

Improve JWOD Program impacts and operations as a result of analyses of various activities and issues.

Work with existing and potential distributors--Government and commercial--of JWOD products to facilitate access to such products by Federal customers.

Respond to reports of Federal agency/staff noncompliance with JWOD requirements.

JWOD Program Data:

	<u>FY97</u>	Est. <u>FY98</u>	Est. <u>FY99</u>	Est. <u>FY00</u>
Blind & Other Severely Disabled Employees Participating in Program	31,819	31,750	32,500	33,000
Number of Work Years of Direct Labor for Target Population Under Program	12,900	12,800	13,500	13,800
Wages Paid (\$ millions)	173	175	190	197
Est. Number of Work Years Associated with PL Additions	1480	2000	1700	1700
Nonprofit Agency Sales under P.L. 92-28 (\$ millions)	741	804	810	850
Number of Producing Nonprofit Agencies	626	623	630	630
Nonprofit Agency Compliance Reviews	111	155	160	180

Funding Summary:

	<u>1998</u>	<u>1999</u>	<u>2000</u>
Funds (\$000)			
Budget Authority	1940	2464	2674
Outlays	1915	2370	2637

Full-time equivalent employment
(work years):

Total	19	20	23
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Agency Request
Package 1 of 1

COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED

FUNDING LEVEL 0001-01

Salaries and Expenses: 95-2000-0-1-505

Agency Request

Activity Description:

Assist entities of the Federal Government in expanding their procurement from nonprofit organizations employing persons who are blind or have other severe disabilities. Establish fair market prices for items added to the Procurement List and adjust prices to assure that they continue to represent fair market values. Provide technical assistance to the nonprofit agencies to contribute to the successful implementation of the JWOD Act. Assure nonprofit agency compliance with Committee regulations and procedures. Designate, establish appropriate fee structure, and provide guidance to central nonprofit agencies which facilitate the distribution of Government orders and help nonprofit agencies participating in the JWOD Program. Analyze Committee impacts and operations as a tool for improving performance and educating Federal officials about the Program. Respond to reports that procuring entities are not complying with JWOD requirements.

Resource Requirements:

	<u>1998</u>	<u>1999</u>	<u>This Package</u>	<u>2000 Cumulative Total</u>
Budget Authority (\$000)	1940	2464	210	2674
Outlays (\$000)	1915	2370	267	2637
Full-time equivalent employment (Workyears)	19	20	3	23

COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED

STATEMENT OF PERSONNEL RESOURCES

	Total Full-time Equivalents		
	1998	1999	2000
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
1. Agency personnel resources	19	20	23
2. Supplementals and legislative program items	0	0	0
3. Overtime and holiday work	0	0	0
4. FTEs exempt from employment ceilings	0	0	0
Personnel resources shown in budget schedules (sum of lines 1 through 4)	19	20	23
Workyears subject to ceilings (sum of lines 1 and 2)	19	20	23
Financed by allocations from other agencies	0	0	0

**COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED**

**FY 2000 BUDGET PROPOSAL
NARRATIVE JUSTIFICATION**

The Committee's mission is to generate employment and training for people with severe disabilities as required by the Javits-Wagner-O'Day (JWOD) Act. As reflected in the recent Harris survey, Americans with disabilities still face substantial gaps in securing jobs. Only 29% of working age persons with disabilities work full- or part-time, as compared to 79% of their counterparts without disabilities. According to the survey, 72% of those with disabilities who are not working would prefer to.

The JWOD Program helps meet this need by directing Federal Government purchases of supplies and services to nonprofit agencies employing people who are blind or have other severe disabilities. Currently, approximately 30,000 adults annually work on JWOD contracts, and the potential exists to increase that number significantly. However, since the early nineties, decreases in government spending and changes in Federal procurement procedures have made it increasingly difficult for the Committee to achieve its goals and contribute more substantially to reducing unemployment among persons with disabilities.

Federal Procurement Challenges and the Committee's Reactions

Over the past year, the Committee continued to respond to ongoing challenges while reacting to new obstacles associated with further Federal procurement initiatives. The following discussion highlights some of these problems and actions—reactive and proactive—by the Committee and other supporters of the JWOD Program, including National Industries for the Blind (NIB) and NISH. These independent nonprofit organizations are charged in the Committee's regulations with helping Federal Government customers and nonprofit agencies employing persons with severe disabilities support the JWOD Program mission.

Since its inception, the Government purchase card program has caused significant reductions in the purchase of JWOD products. As discussed in previous budget requests, Federal purchase cardholders receive minimal training and, even when they are aware of the JWOD Program, often do not understand that the law precludes them from purchasing office supplies and other commercial items that are essentially the same as JWOD products. Interested in brand-name products and armed with purchase cards, hundreds of thousands of Federal customers have unintentionally deprived people who are blind or have other severe disabilities of badly needed work. This has occurred despite efforts by the Committee, NIB, NISH and others to educate customers and vendors about the JWOD Program.

The next generation of the purchase card program--the SmartPay Fleet, Travel and Purchase Payment System has recently been initiated. This expanded system and the agency programs carried out under its auspices pose a serious threat to further reduce purchases of JWOD products. With the award of six contracts for the new SmartPay system, responsibility for small purchases continues to shift to a vast new audience of purchase card users, the majority of whom do not understand the key role their purchasing decisions play in the success of the JWOD Program.

During FY 1998, Committee, NIB and NISH staff continued ongoing education efforts with individual Federal agencies and GSA, which has overall responsibility for the purchase card program. With the announcement of the expanded program, the JWOD team (Committee, NIB and NISH staff) jointly scheduled meetings with representatives from each financial institution awarded a SmartPay contract. The meetings focussed on the materials, presentation and exhibit opportunities available for informing recipients of the new cards about their responsibility to purchase JWOD items and how to obtain them. In addition, a letter was transmitted to all Agency Program Coordinators for Purchase Cards. This letter explained the need to educate cardholders and suggested language describing the JWOD Program for inclusion in the Cardholder Guides required under the new contracts. Follow-up meetings with Agency Program Coordinators are also underway, as is further work with SmartPay contractors. More recently, a SmartPay JWOD training package that includes a video, slides and script has been disseminated widely.

Another procurement initiative that has required the time and attention of the JWOD team is the Electronic Mall (E-Mall) being developed by the Defense Logistics Agency (DLA) to facilitate DOD purchases via the Internet. The Committee is working with DLA to ensure that JWOD products are fully incorporated and available through the E-Mall. Efforts are also being made to preclude the availability through the E-Mall of items that are essentially the same as those offered through the JWOD Program. As a result of JWOD team efforts, DLA will highlight all JWOD products and mark them with the JWOD logo. A "pop-up box" will be triggered any time a customer's search returns a JWOD item or a listing that includes a JWOD item; the box will explain the mandatory source nature of the JWOD Program, in a customer-friendly manner.

In 1996, the Committee authorized commercial distributors of JWOD supplies, in connection with GSA's Multiple Award Schedule (MAS) for next-day desktop delivery of office supplies. Since that time, several small businesses have requested permission to distribute JWOD products to Federal employees. These requests for authorization to purchase JWOD items were in response to customer requests and/or an interest by the business in competing with the current Desktop vendors. In addition, there have been specific situations where Defense facilities have established a local preferred vendor program with businesses that are not part of the MAS program. While recognizing the positive aspects of authorizing additional vendors, the Committee has had to balance the likelihood of some increased sales against resource constraints precluding the establishment, implementation, and monitoring of relationships with

substantial numbers of vendors (potentially one in every community with a military facility). In addition, authorizing large numbers of additional vendors ran the risk of losing the interest and support of the large Desktop vendors which had expected to be the sole non-Federal suppliers of JWOD products and had expended considerable resources to promote JWOD products. The Committee temporarily solved the dilemma by developing criteria for authorizing other distributors and establishing a pilot program for a limited number of such distributors. In the longer term, this will continue to be an issue.

The challenges facing the JWOD community are not limited to products. Federal resource limits and pressures to operate more like the commercial sector have also had adverse impacts on JWOD service contracts. GSA's Public Building Service (PBS) has a large number of JWOD cleaning contracts throughout the country. Last year, PBS implemented a policy to change contracts from prescriptive statements of work to performance-based. Committee and NISH staff worked with PBS to develop mechanisms for making the transition efficiently and equitably. Unfortunately, PBS experienced a substantial reduction in resources at the same time, and the end result was that many people with severe disabilities lost their jobs altogether or saw their hours cut back significantly. Additional cuts are rumored for FY 1999, and the Committee and NISH staffs are devoting considerable time and effort to working with PBS and nonprofit agencies throughout the country to avoid further problems and correct inequities that occurred in FY 1998. Of major concern is PBS's emphasis on lowering its cleaning costs to the same level as those of the commercial sector, which--unlike PBS--is not constrained by the wage and benefit mandates of the Service Contract Act.

Yet another issue confronting JWOD service contracts is linked to the increasing interest on the part of Federal agencies with staff constraints in "bundling" contracts. Historically, the types of contracts undertaken by nonprofit agencies under the JWOD Program have been stand-alone contracts to clean a building, maintain a facility's grounds, operate the mailroom in a specific location, etc. The Committee has set these individual service contracts aside, and they have been performed by nonprofit agencies working directly with the Government. Now, such contracts are being bundled with other service contracts for the same building or multi-building facility. One prime contractor is selected to perform most services in a particular location, subcontracting some functions and using its own staff to perform others. The challenge for the Committee, NIB and NISH is to protect JWOD contracts while accommodating this obviously reasonable approach to making better use of Federal resources. Again, much time and effort has been and will continue to be devoted to working with Federal customers and nonprofit agencies, as well as private firms, to achieve this goal.

FY 2000 Budget Proposal

The Committee has a history of accomplishing much with very few resources. Even in the past several years as the JWOD Program has been subjected to monumental

upheavals and a much heavier (and markedly different) workload, our total budget has not increased proportionately. In addition to reorganizing and making more of existing staff and member resources, we have regularly reviewed operations and turned appropriate tasks over to NIB and NISH, which cannot perform inherently Governmental functions, but can undertake many actions essential to JWOD Program success. We have also modified the Committee's pricing policies and procedures, placing more responsibility on the buyers and sellers and less on the Committee staff. The bottom line, however, is that the Committee's ability to achieve its mission continues to be eroded in the face of Federal procurement system changes and ongoing pressure on Federal agencies to hold down administrative costs. The staff is stretched to the breaking point, yet unable to carry out many tasks that arguably could be considered essential.

As a result, the Committee feels there is no choice but to request an increase in resources to meet the ever-increasing workload and continue to effectively provide employment and training for people with severe disabilities in the new millennium. The Committee is requesting **\$2,674,000** for FY 2000. This is an **increase of \$210,000, or 8 percent**, over the budget expected in FY 1999. Although all increases are explained below, the majority of the increase is due to higher personnel costs as a result of the request for **three additional staff members** and associated space and equipment costs.

Justification of Requested Resources

Salaries and Benefits

The increase in salaries and benefits for FY 2000 represents **\$269,000** or **16%** over those for FY 1999. Salaries and benefits include locality pay, promotions and/or within grade increases for all current staff; private citizen member attendance at ten Committee meetings and two conferences, as well as performance of a few additional assignments on which the Committee staff requires substantial assistance; recognition awards (extremely important for a small agency which would not be able to handle its heavy workload in the absence of exceptional performances by its employees); and resources for three new positions.

Current challenges to the JWOD Program—as well as those that will occur during the next year—make it painfully clear that the Committee does not have adequate human resources. Attempting to meet these challenges has demonstrated the need to further increase the Committee's marketing/education/vendor relations efforts. The FY 1999 staff of three full-time and two part-time staff members handling these efforts will represent a major improvement over this past year's smaller numbers. However, given the hundreds of thousands of purchase cardholders, the seeming intent of almost every Federal agency and unit to attempt new and untested procurement approaches, and the burgeoning interest of commercial vendors in distributing JWOD products, more staff resources are critical. Therefore, we are requesting **an additional position at the**

GS-12 level to assist with the Committee's marketing/education/vendor relations efforts, which expand on almost a daily basis and are an inescapable part of operations in the new Federal procurement environment.

Among the inherently Governmental functions performed by Committee staff are regular visits to State and private nonprofit agencies participating in the Program to review their compliance with Committee rules and regulations and provide technical assistance as needed. In general, agencies are visited by Committee staff once every five years, although those with compliance or other problems are visited more frequently. In the last several years, the number of compliance visits to nonprofit agencies participating in the JWOD Program conducted by the Committee staff has varied widely. This is a result of high turnover in the two full-time compliance staff positions. Although we have recovered somewhat from the deficit of agencies visited, the number of annual visits needed to meet our policy guidelines is extremely difficult to meet. It has become obvious that having the two full-time compliance staff traveling every other week is also taking a toll on the individuals involved. To assist with compliance visits and to reduce slightly the amount of travel time required of the full-time compliance staff, we are requesting **an additional compliance staff person at the GS-7 level**. In addition, the new member of the education/marketing/ vendor relations staff will—like several other staff members—conduct two to three compliance visits per quarter. Such visits are often the source of excellent marketing material.

The current Committee workload is overwhelming not only to the professional staff members, but the support staff members as well. The support staff members are required to focus on necessary daily activities and are, for the most part, unable to take care of less demanding functions. Although the Committee has taken measures to make the support staff more efficient in their daily duties, they simply are not able to do all that needs to be done. Although less demanding, these functions are necessary and many times the professional staff members are required to perform them which, in turn, takes away from the time they have to accomplish their work. It is for this reason, that the Committee requests **an additional staff support position at the GS-6 level**.

Travel

The Committee is requesting **\$140,000** for travel resources, **an increase of \$15,000 over that expected for FY 1999** and \$53,000 more than the Committee expended in FY 1998. Although the Committee remained on track as to the number of nonprofit agencies scheduled for compliance visits in FY 1998, travel by management was curtailed dramatically due to the extended illness and then death of the Deputy Executive Director. As a result, neither the Executive Director nor the Deputy Director (Operations) was able to travel as planned. Given that a new Deputy Director (Policy and Program Coordination) position has been filled, the travel of the management team will increase in FY 1999 and will continue in FY 2000.

The **additional \$15,000 requested** will cover travel expenses of the new compliance staff member and the new member of the marketing/education/vendor relations staff. The latter will not only travel to other locations for meetings, conferences and training classes in order to educate the Federal procurement community on the JWOD Program, but also on a quarterly basis to nonprofit agencies to conduct compliance reviews.

Rent

Rental payments to GSA are estimated to be **\$205,000** for FY 2000 which includes our current space (\$191,000) plus extra for the additional three staff members requested. The variance in rental payments between FY 1998, FY 1999 and FY 2000 is a result of the Committee's forced move in November 1997. Because GSA did not notify the Committee in time, we were unable to budget for rental increases in FY 1998. GSA, therefore, deferred the rent deficit to FY 1999, which was included in our budget request.

Communications, Utilities and Miscellaneous Charges

We are requesting **\$50,000** for these expenses--**\$10,000 over those for FY 1999 and \$16,000 over those for FY 1998**. Approximately one-third of the additional resources is for the installation and recurring costs for a telephone line to enable staff members to access their e-mail while on travel. This practice is already standard at many Government agencies. The remaining extra resources are for increases in postage and other telephone costs.

Printing

For FY 2000, the Committee requests **\$50,000** for printing resources. This is **\$20,000 less than what is expected for FY 1999 and \$13,000 more than what was expended in FY 1998**.

The Committee's major educational tools--the JWOD Handbook and JWOD Catalog--will be reprinted in FY 1999; thus, the request for the increase in funds for that year. These publications will not be reprinted in FY 2000. However, we do intend to print the results of the JWOD Program Benefit/Cost Analysis--the research study which has been conducted over the past four years and will be completed in FY 1999. Because the Committee must abide by the Administrative Procedures Act requirements, printing proposed actions in the Federal Register is a weekly occurrence. The additional funds will allow us to continue regular printing in the Federal Register (with an expected increase in GPO printing costs), as well as keep up with the demand for brochures, purchase card buyer's guides, copies of the Procurement List and other educational material that is regularly distributed to Federal contracting and procuring offices.

Consulting Services

With **\$143,000** in research funds—**\$23,000 above the FY 1999 level**—the Committee will be able to conduct research that builds upon the results of the benefit/cost analysis which will be completed in FY 1999. In FY 2000, data collected from this multi-year study will be supplemented with additional studies to better position the JWOD Program as a source of employment and training for individuals who are blind or have other severe disabilities. As a participant in the President's Task Force on Employment of Individuals with Disabilities, the Committee will work with other Federal agencies to assess the effectiveness of the JWOD Program and to establish its role in the initiative to increase the employment rate to the level of the general population. The Committee anticipates conducting further research into its role as a source of supported employment placements and its impact on helping individuals move into competitive employment. The Committee will also further research the extent to which individuals who were receiving SSDI and SSI are able to leave the public welfare rolls based on employment and training obtained through the JWOD Program. The Committee will also further develop its ability to monitor performance standards and improve the program in compliance with the Government Performance and Results Act.

At this funding level, the Committee will also be able to purchase approximately **\$43,000 in consulting services for operational matters**, such as the Committee's pricing responsibilities and the likely necessity to assist in the development of a JWOD product distribution system. Support of this type is essential given the small size and necessarily limited specialized expertise of the Committee staff. The **additional \$23,000** being requested reflects changes in the Committee's pricing policies, which overall should reduce the Committee staff workload, but are expected to result occasionally in impasses which will require the Committee to acquire expert assistance not possessed by the staff. Such impasses will have occurred despite the best efforts of NIB and NISH, so turning to them for specialized assistance will not be possible.

Other Services

With regard to other services (including purchases from other Government accounts), the Committee is requesting **\$275,000, a decrease of \$78,000 from FY 1999, but \$174,000 more than that expended in FY 1998**. A majority of the increase—both for FY 1999 and FY 2000—is associated with the expense of the Committee's computer system. Because of the previously referenced health problems of a key staff member and an associated vacancy in another position, the Committee accumulated some resources, which were employed to upgrade most of the workstation portion of its computer system in FY 1998 (as opposed to waiting until FY 2000 as expected). This circumstance has not changed plans for FY 1999, when the extra funds will be used to overhaul the current JWOD information management system to improve efficiency, to increase electronic information exchange capabilities, and to insure the system is Year 2000 compliant. The upgraded system is scheduled to be brought online by the end of FY 1999; however, the Committee will require additional software maintenance

services in FY 2000 to insure the system is fully operational and to cover any additional costs associated with the new system. The Committee will contract with outside firms to develop computer systems that allow for increased electronic information exchange with our customers and to allow Committee staff to access e-mail and electronic systems while traveling. In addition, the Committee will increase funds spent on its Internet website to offer customers improved electronic catalog access to JWOD products and services. The costs associated with improved Internet presence, system maintenance and additional e-mail function is **\$135,000 or approximately 50% of the total amount requested.**

The remaining **\$140,000** will be used to pay for services in areas in which the Committee lacks expertise. Specifically, \$48,000 in administrative fees will be paid to GSA to pay for personnel, payroll and accounting services. Over the past several years, the need for staff training has become apparent. Based on guidelines provided by the Office of Personnel Management (OPM), we are requesting \$17,000 (approximately 1 percent of our payroll costs) for staff training. This is below the 1.5 to 2 percent suggested by OPM; however, some training will be available to employees at no cost through the Small Agency Council training program. Approximately \$10,000 will be used for the development, taping, editing and dissemination of a JWOD Program educational/promotional video. Videos are an exceptionally cost-effective way to communicate the JWOD message to Government acquisition training courses nationwide. JWOD training videos must be revised periodically to be kept up-to-date with the latest procurement policies, recent JWOD efforts (such as multiple distributors or new services offered) and key Federal staff testimonials. The video is expected to serve as an overview of the JWOD Program, with an emphasis toward the largest and fastest growing segment of JWOD customers, the Government purchase cardholder. The remaining \$65,000 will be used to pay for routine and one-time functions that the Committee does not have the ability or resources to perform (e.g. \$6,000 to \$8,000 for interpretive services for a Committee member with vision and hearing impairments; layout and preparation of graphics for publications; photo processing; and transporting furniture to and from the GSA warehouse).

Supplies

In the supplies category, the Committee is requesting **\$35,000, an increase of \$10,000 over FY 1999** for regular supply items. This includes routine operating supplies, as well as those associated with distribution of the Procurement List and other Committee publications, and product samples distributed at GSA contractor training classes and other forums. Placing new JWOD products in the hands of potential customers has proven a particularly effective means of communicating JWOD quality, which is essential to acquiring and maintaining supporters in today's procurement environment. A portion of the amount requested is needed to provide necessary supplies for the three additional staff members.

Equipment

In FY 2000, the Committee will upgrade the remaining portion of its computer network hardware that will not be upgraded in FY 1998. We are requesting **\$44,000, an increase of \$29,000 over FY 1999**. Of the \$44,000 equipment resources, \$35,000 will be used to replace the network server, printers and laptop computers that will have been in use for over five years and will be outdated by that time. Additional workstation hardware will be required for new staff members. The expanded e-mail functions will require hardware upgrades and a higher level of Internet access service. The remaining \$9,000 is needed to provide office furniture and other equipment to outfit office space for the three additional staff members requested.

JWOD Program Benefits

As noted in the opening paragraph, the excessive levels of unemployment and underemployment experienced by people who are blind or have other severe disabilities demonstrate the tremendous need for employment and training opportunities for such individuals. Obviously, the demand is far greater than can be addressed through the JWOD Program. However, given that it accomplishes its mission through expenditures that for the most part would have been made anyway, the JWOD Program is a particularly cost-effective means of meeting some of the need.

The more than 30,000 people working on JWOD contracts annually--the majority of whom have minimal education and many of whom are considerably less than 100% productive--average more than \$6.50 an hour in wages. Most also receive benefits. Altogether, such individuals earned more than \$170 million in FY 1997, and the FY 1998 figure is expected to exceed that slightly. Moreover, the Federal contracts generated by the Program provide a critical financial foundation for hundreds of community rehabilitation programs and other private nonprofit agencies throughout the country. The experience obtained by individuals working on JWOD contracts also makes them more marketable and leads in many cases to more responsible positions, sometimes in the competitive employment arena. All this is accomplished while providing Federal customers with high quality products and services at reasonable prices.

PLANNING ESTIMATES

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Budget Authority	2759	2847	2937	3031	3128
Outlays (\$000)	2744	2831	2921	3014	3110

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Budget Authority	3227	3331	3437	3547
Outlays (\$000)	3210	3312	3418	3527

**COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED**

FUNDING UNIT 0001-1

Budget Account: 95-2000-0-1-505

**Analysis of Resources
(in thousands of dollars)**

	<u>1998</u>	<u>1999</u>	<u>2000</u>
Budget Authority:	1940	2464	2674
Outlays:	1915	2370	2637
Full-time equivalent employment: (Total Workyears)	19	20	23

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Budget Authority:	2674	2759	2847	2937	3031
Outlays:	2637	2744	2831	2921	3014

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Budget Authority:	3128	3227	3331	3437	3547
Outlays:	3110	3210	3312	3418	3527

COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED

Priority Ranking of Funding Levels, 2000 Budget
(in thousands of dollars)

RANK	FUNDING LEVEL Name and Number	AMOUNTS		CUMULATIVE AMOUNTS	
		Outlays	Total FTE	Outlays	Total FTE
1	Agency Request (0001-1)	2637	3	2637	23
	Agency planning ceiling			2674	23

**COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED**

**Relationship of Funding Units to Account Structure
(in thousands of dollars)**

Funding Levels by Account

2000 Budget Estimates

BA OUTLAYS

**Committee for Purchase from People
Who Are Blind or Severely Disabled
(95-2000-0-1-505)**

Salaries and Expenses (0001-1)

2674 2637

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STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
300-101

COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED

SALARIES AND EXPENSES
OBJECT CLASSIFICATION (in thousands of dollars)

Identification code	1998 actual	1999 estimate	2000 estimate
95-2000-0-1-505			
111.101 Full-time permanent	989	1174	1379
111.301 Other than full-time permanent	45	42	49
111.501 Other personnel compensation	45	10	25
111.901 Total personnel compensation	1079	1226	1453
112.101 Civilian personnel benefits	203	237	279
121.001 Travel and transportation of persons	87	125	140
123.101 Rental payments to GSA. . . .	128	253	205
123.301 Communications, utilities and miscellaneous charges . .	34	40	50
124.001 Printing and reproduction	37	70	50
125.101 Consulting services	200	120	143
125.201 Other services.	60	305	210
125.301 Purchases of goods and services from Government Accounts	41	48	65
126.001 Supplies and materials. . . .	20	25	35
131.001 Equipment	50	15	44
199.901 Total obligations	1939	2464	2674
(Memo est. 21.3)	(Memo est. 5)	(Memo est: 5)	(Memo est: 4.9)

STANDARD FORM 306
July 1968, Bureau of the Budget
Circular No. A-11, Revised.
306-103

SALARIES AND EXPENSES DETAIL OF PERMANENT POSITIONS

95-2000-0-1-505	1998 actual	1999 estimate	2000 estimate
ES-5	1	1	1
GS-15	3	3	3
GS-14	0	1	2
GS-13	5	6	5
GS-12	3	1	2
GS-11	3	4	5
GS-9	1	2	2
GS-7	2	2	2
GS-6	0	0	1
GS-5	1	0	0
Total permanent positions	19	20	23
Unfilled positions, end of year	1	0	0
Total permanent employment, end of year . . .	18	20	23
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COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED

Program and Performance

The Committee for Purchase From People Who Are Blind or Severely Disabled was established by the Wagner-O'Day Act of 1938, as amended. Its primary objective is to use the purchasing power of the Federal Government to provide people who are blind or have other severe disabilities with employment and training that will develop and improve job skills as well as prepare them for employment options outside the JWOD Program. In the year 2000, approximately 33,000 people who are blind or have other severe disabilities are projected to be employed in 630 producing nonprofit agencies. The Committee's duties include promoting the program; determining which products and services are suitable for Government procurement from qualified nonprofit agencies serving people who are blind or have other severe disabilities; maintaining a procurement list of such products and services; determining the fair market price for products and services on the procurement list; and making rules and regulations necessary to carry out the purposes of the Act. In FY 2000 the Committee expects to have sales of \$850 million.

The Committee staff's responsibilities include promoting and assessing the overall program; supervising the selection and assignment of new products and services; assisting in establishing prices; reviewing and adjusting these prices; verifying the qualifications of nonprofit agencies; and monitoring their performance.

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STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
300-101

COMMITTEE FOR PURCHASE FROM PEOPLE
WHO ARE BLIND OR SEVERELY DISABLED

PERSONNEL SUMMARY
AVERAGE GRADES AND SALARIES

Identification code	1998 actual	1999 estimate	2000 estimate
95-2000-0-1-505			
Total number of permanent positions	19	20	23
Average SES salary	\$125,900	\$130,432	\$136,171
Average GS Grade	12	12	12
Average GS salary	\$53,684	\$58,159	\$58,983
Average salary of ungraded positions	\$443.52 Per Day	\$443.52 Per Day	\$443.52 Per Day
(Misses cost: 21.5)	(Misses cost: 5)	(Misses cost: 5)	(Misses cost: 4.5)

FEDERAL LABOR RELATIONS AUTHORITY

**CONGRESSIONAL
BUDGET SUBMISSION**



FISCAL YEAR 2000

UNITED STATES
FEDERAL LABOR RELATIONS AUTHORITY



FISCAL YEAR 2000 APPROPRIATION REQUEST
CONGRESSIONAL BUDGET SUBMISSION

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FEDERAL LABOR RELATIONS AUTHORITY**FY 2000 BUDGET REQUEST - APPROPRIATION LANGUAGE****SALARIES AND EXPENSES**

For necessary expenses to carry out functions of the Federal Labor Relations Authority, pursuant to Reorganization Plan Numbered 2 of 1978, and the Civil Service Reform Act of 1978, including services authorized by 5 U.S.C. 3109, including hire of experts and consultants, hire of passenger motor vehicles, and rental of conference rooms in the District of Columbia and elsewhere, [\$22,586,000] *\$23,828,000: Provided*, That public members of the Federal Service Impasses Panel may be paid travel expenses and per diem in lieu of subsistence as authorized by law (5 U.S.C. 5703) for persons employed intermittently in the Government service, and compensation as authorized by 5 U.S.C. 3109: *Provided further*, That notwithstanding 31 U.S.C. 3302, funds received from fees charged to non-Federal participants at labor-management relations conferences shall be credited to and merged with this account, to be available without further appropriation for the costs of carrying out these conferences. (*Independent Agencies Appropriations Act, 1999, as included in Public Law 105-277, section 101 (h).*)

SUMMARY OF FY 2000 BUDGET REQUEST

(In thousands of dollars)

<u>Budget Authority</u>	<u>FY 1998 Actual</u>	<u>FY 1999 Estimate</u>	<u>FY 2000 Request</u>	<u>FY 1999/ FY 2000 Change</u>
Authority	\$11,472	\$11,509	\$12,236	\$727
Office of the General Counsel	9,783	10,286	10,686	400
Federal Service Impasses Panel	<u>739</u>	<u>834</u>	<u>906</u>	<u>72</u>
Total	\$21,994	\$22,629	\$23,828	\$1,199

Full-time Equivalent Workyears

Authority	89	91	91	---
Office of the General Counsel	112	116	116	---
Federal Service Impasses Panel	<u>8</u>	<u>9</u>	<u>9</u>	<u>---</u>
Total	209	216	216	---

The Federal Labor Relations Authority (FLRA) requests \$23,828,000, including an increase of \$1,199,000 over the FY 1999 budget estimate, and 216 full-time equivalent (FTE) workyears in FY 2000. The requested FY 2000 increase funds statutory pay adjustments in FY 1999 and FY 2000 and a significant escalation in space costs resulting from the General Service Administration's new pricing policy. These resources will be used to administer the Federal Service Labor-Management Relations Statute (the Statute), 5 U.S.C. Section 7101-7135.

The FY 2000 request reflects a cumulative reduction of 35 full-time equivalent workyears, or 14 percent from the FY 1993 baseline levels, consistent with the President's initiative to reduce the size of the Federal workforce. From the baseline level, the FY 2000 request reflects a reduction of 19 FTEs in the Authority component, 14 FTEs in the Office of the General Counsel, and 2 FTEs in the Federal Service Impasses Panel.

The FY 2000 request reflects the FLRA's effort to keep its budget as low as possible, while allowing the agency to accomplish its statutory mission. As part of that effort, over the past several years, the FLRA has closed four subregional offices, eliminated space in its headquarters and regional offices, lowered its administrative costs by reducing support staff, contracted out administrative support functions, and increased its reliance on computer technology.

Note: The amount reflected for FY 1999 includes \$43,000 in budget authority from FY 1998 unobligated balances for which authority to carry forward into FY 1999 was requested pursuant to Title V, Section 510 of P.L. 105-61.

SUMMARY OF FINANCIAL CHANGES

FY 1999 Estimate	\$22,629,000
FY 2000 Request	\$23,828,000
Change	\$1,199,000

Increase or Decrease from FY 1999 to FY 2000Amount of Change

Salaries and Benefits	\$937,000
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An increase of \$937,000 is requested in FY 2000 to fund 216 FTE workyears of effort including: the full-year cost of the FY 1999 pay increase (3.6%), a FY 2000 pay increase of 4.4 percent (effective in January), periodic within-grade increases and career-ladder promotions, employee awards, and rising employee benefit costs.

Nearly one-third of the requested increase will provide for rising employee benefit costs, the majority of which can be attributed to the escalating number of FERS employees as a percentage of the agency's workforce.

Rent, Communication, and Utilities	330,000
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An increase of \$356,000 is requested in FY 2000 to provide for a significant escalation in rent costs resulting from the General Service Administration's new pricing policy for office space and building services, as approved by the Office of Management and Budget. This space cost increase will be partially offset by an estimated \$26,000 savings in telecommunication costs resulting from the replacement of the ISDN data network with a 56Kbps dedicated data network.

Other Services	(43,000)
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The current FY 1999 estimate includes a total of \$43,000 in unobligated FY 1998 balances carried forward to FY 1999, available for obligation pursuant to Title V, Section 510 of P.L. 105-61. Carryover funds will be used to complete currently identified FY 2000 programming compliance requirements. A decrease of \$43,000 in FY 2000 reflects the elimination of these carryover funds.

Supplies and Materials	(25,000)
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A decrease of \$25,000 in supplies and materials in FY 2000 reflects the elimination of FY 1999 funds earmarked to replace the network operating system and related software as part of the FY 2000 compliance initiative.

Total change in FY 2000 Request versus FY 1999 Estimate	\$1,199,000
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OVERVIEW OF FLRA FUNCTIONS

The FLRA is an independent agency responsible for directing the labor-management relations program for 1.9 million non-postal Federal employees world-wide, approximately 1.1 million of whom are exclusively represented in 2,200 bargaining units. The FLRA is charged by statute with providing leadership in establishing policies and guidance relating to Federal sector labor-management relations; resolving disputes arising among Federal agencies, unions, and employees; and ensuring compliance with the Statute.

The FLRA represents the Federal government's consolidated approach to labor-management relations. It is "three agencies in one" -- fulfilling its statutory responsibilities through its three primary operational components -- the Authority, the Office of the General Counsel and the Federal Service Impasses Panel. It also provides full staff support to two other organizations: the Foreign Service Impasse Disputes Panel and the Foreign Service Labor Relations Board.

The Authority is a quasi-judicial entity with three full-time Members who are appointed for 5-year terms by the President with the advice and consent of the Senate. One Member is appointed by the President to serve as Chair of the Authority and as the Chief Executive and Administrative Officer of the FLRA. The Chair also serves as a member of the National Partnership Council established by President Clinton to promote labor-management partnerships in the Federal service, and heads the Foreign Service Labor Relations Board.

The Authority adjudicates disputes arising under the Statute, deciding cases concerning the negotiability of collective bargaining agreement proposals, unfair labor practice allegations, representation petitions, and exceptions to grievance arbitration awards. Consistent with its statutory responsibility to provide leadership in establishing policies and guidance to participants in the Federal labor-management relations program, the Authority also assists Federal agencies and unions in understanding their rights and responsibilities under the Statute, and actively encourages, as part of the CADR program described below, the use of collaboration and alternative dispute resolution to encourage parties to resolve their problems without adjudication.

In addition to the three Member Offices, the Authority component of the FLRA also houses the Office of Administrative Law Judges, the Collaboration and Alternative Dispute Resolution Office, the Office of the Solicitor, the Office of the Executive Director, and the Office of the Inspector General.

Office of Administrative Law Judges: The FLRA's Administrative Law Judges (ALJs) are appointed by the Authority to hear and prepare recommended decisions in cases involving alleged unfair labor practices. In addition, the ALJs issue decisions involving applications for attorney fees filed pursuant to the Back Pay Act or the Equal Access to Justice Act. The decisions of the ALJs may be affirmed, modified, or reversed in whole or in part by the Authority. If no exceptions are filed to an ALJs' decision, the decision is adopted by the Authority and becomes final and binding on the parties. The ALJs also issue subpoenas as requested by the parties. While performing their duties, the ALJs

engage in settlement efforts throughout all stages of the process and also conduct prehearing conferences in all cases.

Collaboration and Alternative Dispute Resolution (CADR) Office: In FY 1996, the Authority, the Office of the General Counsel, and the Federal Service Impasses Panel established a joint Collaboration and Alternative Dispute Resolution (CADR) program. This created a unified labor-management relations program that targets a variety of collaboration and alternative dispute resolution techniques at all steps of the process, from investigation and prosecution to the adjudication of cases and resolution of bargaining impasses. The CADR program also provides partnership facilitation and training programs to assist labor and management in developing constructive approaches to conducting their relationship. The CADR Office is responsible for coordinating, supporting, and expanding the unified collaboration and alternative dispute resolution program.

Office of the Solicitor: The Office of the Solicitor represents the Authority in court proceedings before all United States Courts, including the U.S. Supreme Court, U.S. Courts of Appeals, and Federal District Courts. The office serves as the agency in-house counsel, providing legal advice to all FLRA components. The Solicitor is also the Designated Agency Ethics Officer under the Ethics in Government Act of 1978, as amended.

Office of the Executive Director: The Office of the Executive Director is responsible for developing and implementing agency-wide initiatives, such as strategic planning. The office also provides operational support to all components of the FLRA, including budget and finance, human resources, procurement, administrative services, and information resources management.

Office of the Inspector General: The Office of the Inspector General is responsible for directing and carrying out audits and investigations related to FLRA programs and operations. In addition, the office recommends policies that promote economic, efficient, and effective agency programs which prevent fraud and abuse. The office is responsible for keeping the Chair and the Congress fully informed regarding problems and deficiencies, as well as the necessity for corrective action. The Office of the Inspector General is mandated by Public Law 100-504 and the Inspector General Act Amendments of 1988.

The Office of the General Counsel (OGC) is the independent investigative and prosecutorial component of the FLRA. The OGC investigates all unfair labor practice charges filed by labor or management and prosecutes all unfair labor practice complaints before the Authority. The General Counsel, who is appointed by the President with the advice and consent of the Senate for a 5-year term, manages all OGC employees, who comprise over 50 percent of the FLRA's staff. Most of the OGC staff serve in the FLRA's seven regional offices located in Atlanta, Boston, Chicago, Dallas, Denver, San Francisco, and Washington, D.C.

The regional offices investigate and settle or prosecute unfair labor practice claims, actively encouraging, as part of the CADR program, the use of collaboration and alternative dispute resolution at every step; ensure compliance with all unfair labor practice orders issued by the Authority; receive and process representation petitions; and provide facilitation, intervention, training, and education services to the parties. The General Counsel reviews all appeals of a Regional Director's decision not to issue an unfair labor practice complaint and establishes policies and procedures for processing unfair labor practice charges.

The Federal Service Impasses Panel (the Panel) has seven Presidential appointees who serve on a part-time basis, one of whom serves as Chair. The Panel resolves bargaining impasses between Federal agencies and unions representing Federal employees arising from negotiations over conditions of employment under the Federal Service Labor-Management Relations Statute and the Federal Employees Flexible and Compressed Work Schedules Act. If bargaining between the parties, followed by mediation assistance, proves unsuccessful, the Panel has the authority to recommend procedures and to take whatever action it deems necessary to resolve the impasse.

The Foreign Service Labor Relations Board (the Board) was created by the Foreign Service Act of 1980 to administer the labor-management relations program for Foreign Service employees in the U.S. Information Agency, the Agency for International Development, and the Departments of State, Agriculture and Commerce. The Board is composed of three Members, including the Chair of the Authority who appoints the other two Members, who serve on a part-time basis. The Chair of the Authority also serves as Chair of the Board. The FLRA General Counsel acts as General Counsel for the Board and the Authority staff provides any necessary support to the Board.

The Foreign Service Impasse Disputes Panel (the Disputes Panel) was also created by the Foreign Service Act of 1980. It consists of five part-time members appointed by the Chair of the Foreign Service Labor Relations Board (the FLRA Chair). The Disputes Panel resolves bargaining impasses between Federal agencies and Foreign Service personnel in the U.S. Information Agency, the Agency for International Development and the Departments of State, Agriculture and Commerce over conditions of employment under the Foreign Service Act of 1980. The staff of the Federal Service Impasses Panel supports the Disputes Panel.

FY 1998 PROGRAM HIGHLIGHTS

FLRA Strategic Plan

Building on strategic planning efforts begun in FY 1995, the FLRA is implementing a five-year strategic plan, in accordance with the Government Performance and Results Act. The agency has set four goals for itself:

- To consistently provide high quality services that timely resolve disputes in the Federal labor-management relations community.
- To effectively use and promote alternative methods of dispute resolution and avoidance to reduce the costs of conflict in the Federal labor-management relations community.
- To maintain the FLRA's internal systems and processes to support a continually improving, highly effective and efficient organization with the flexibility to meet program needs.
- To develop the FLRA's human resources to ensure a continually improving, highly effective and efficient organization with the flexibility to meet program needs.

The strategic plan is linked to the FLRA's performance management plan, which is designed to improve individual and organizational effectiveness through the integration of planning, monitoring, appraising, and rewarding individual and organizational performance. The performance management plan ties together the FLRA strategic plan, organizational action plans, and individual performance plans, as envisioned by the Government Performance and Results Act.

FLRA Customer Survey

In FY 1998, the FLRA conducted a comprehensive customer survey on the performance of two of its three primary components -- the Authority and the OGC. The survey results indicated that the FLRA is doing a good job meeting the information needs of its customers, who voiced support for continued outreach activities. Customers also gave high marks to elements of processing matters before the Authority and the OGC. Respondents further affirmed the quality of various categories of FLRA decisions, but indicated concerns about the length of time before decision. In addition, respondents indicated that, although FLRA decisions decide the legal issues raised by parties, they do not resolve the underlying disputes of the parties.

The FLRA will respond to the survey results with a series of action steps. These include: expanding customer information services; providing employees with training; and continuing to focus resources on reducing the backlog of cases. Finally, given the importance of addressing the underlying problems provoking disputes between labor and management, and improving relationships and problem-solving skills, the FLRA has expanded its CADR Program to

encompass all of the agency's activities and, as described below, incorporated collaboration and alternative dispute resolution principles into revised regulations.

Authority Program Activity Highlights

Authority Decisions

As in prior fiscal years, the Authority has continued to emphasize the timeliness and quality of decisions that set forth the law and provide clear guidance to the parties. This emphasis has been maintained, despite a reduction in Authority case writing staff over the last few years in order to maximize the number of employees in the field, streamline activities, and operate within budget constraints. The Authority has continued to target over-age cases, focus on resolving complex issues, and establish comprehensive legal doctrine to help guide parties. In addition, the Authority has sought the views of interested and affected parties through amicus briefs in cases involving key issues to our customers, initiated meetings between Authority staff and parties in an attempt to clarify issues to be decided and, wherever possible, encouraged parties to resolve their disputes by means other than litigation.

With the goal of maximizing the clarity and stability of the law so that parties will fully understand and be guided by their respective rights and obligations, the Authority has incorporated several initiatives into its decision making process. These initiatives include: using a case screening mechanism to identify cases for streamlined processing; using techniques to identify relevant case law, issues, and potential problems prior to case drafting; and convening regular forums in which Authority staff discuss recent case precedent and other issues of particular importance to the Authority's ongoing work.

The Authority introduced additional steps in FY 1998 to further improve its decision making process. These include: the use of a central team of rotating staff writers to prepare predecisional work products and draft decisions in particular cases; expedited review processes; an expanded case screening process; tailored predecisional work products and processes that efficiently meet the needs of individual cases; and the use of temporary teams of staff writers to process larger cases. The Authority also established core competencies for case writers to assist in training and employee development.

These collective efforts not only improve the quality of FLRA decisions, they favorably affect their timeliness as well. In FY 1998, the Authority closed approximately 15% more cases through merits decisions than in FY 1997. In FY 1998, the Authority specifically targeted overage cases, reducing the number of overage cases by 20% from FY 1997 and significantly lowering the median age of its case load for the second consecutive year.

Due at least in part to the Authority's continuing emphasis on the quality of its decisions, an increasing number of Authority decisions appealed to the Courts have been sustained. Out of the 13 Authority decisions judicially reviewed on appeal in FY 1998, the Authority was sustained in whole or in prominent part in 10 instances, an affirmance rate of 77%. In FY 1994, by comparison, the Authority prevailed in whole or in predominant part in 58% of the 18 appeals decided.

Regulatory Initiatives

Implementation of Unfair Labor Practice (ULP) Litigation Regulations: The Authority significantly revised its Unfair Labor Practice regulations, effective October 1, 1997, to encourage collaboration and alternative dispute resolution and sharpen issues to be litigated. In revising the regulations, the Authority encouraged and received input through written submissions and participation in focus groups. This resulted in clearly written regulations that are designed to encourage resolution of disputes without litigation. The Authority began an on-going evaluation of the effectiveness of the new regulations in early FY 1999.

Implementation of Presidential and Executive Office Accountability Act (EOAA)

Regulations: The EOAA makes certain laws, including the Federal Service Labor-Management Relations Statute, applicable to the Executive Office of the President. In late FY 1998, the Authority issued regulations implementing those provisions of the law that are within its jurisdiction. These regulations became effective October 1, 1998.

Revision of Negotiability Regulations: The Authority began the process of significantly revising its negotiability regulations in FY 1998. The final regulations were published in December 1998 and become effective April 1, 1999. The revisions reflect the Authority's intent to improve and expedite negotiability proceedings. Major aspects of the regulations include implementation of postfiling procedures and conferences designed to narrow and clarify issues to be resolved; revision of processing procedures that enable the Authority, where appropriate, to resolve all aspects of a dispute; and clarification of the responsibilities of each party.

The Authority initiated the revision project by establishing a Task Force to study and evaluate the policies and procedures concerning negotiability proceedings in effect. The Task Force convened meetings and requested public comment to gather customer suggestions. After the proposed regulations were published, the Authority held three additional meetings to receive comments on its proposed revisions. The Authority incorporated into the final regulations many of the suggestions offered during the revision process. The Authority intends to conduct internal and external training on the regulations prior to their effective date.

Office of Administrative Law Judges

As previously noted, effective October 1, 1997, the Authority revised its ULP regulations to encourage collaboration and alternative dispute resolution and sharpen the issues to be litigated. A key feature of the new regulations is a prehearing conference to be conducted by the Administrative Law Judges to narrow issues and resolve as much of the dispute as possible. These ULP regulations incorporated the Office of Administrative Law Judges' settlement program, which also encourages the prompt resolution of cases. As these new regulations are used, and as they build on the success of the earlier settlement program, the Authority has seen more cases settle earlier in the process. In fact, the number of cases settled "on the courthouse steps" has been reduced by 85% over the past few years. This ability to resolve cases earlier saves time and money for all the parties involved. In addition, the median time from hearing to decision has been reduced by 40%, when compared to FY 1996 figures.

OGC Program Activity Highlights

Unfair Labor Practice (ULP) Cases: The OGC has continued to make significant strides in the processing of ULP cases. For example, the OGC reduced overage ULP cases from 36% in early FY 1998 to 25% by the end of FY 1998. Similarly, the OGC reduced its overage Appeals cases from 25% to 19% by the end of FY 1998.

Initial Dispositive Actions - After a charge is filed, the OGC staff attempts to resolve the dispute. In FY 1998, 5,715 initial dispositive actions were taken by the OGC. Of these actions, 30% were pre-complaint settlements achieved by the OGC and the parties; 24% of the charges were dismissed; 41% of the charges were withdrawn; and 5% of the charges resulted in the issuance of an unfair labor practice complaint.

Post-Complaint Actions - In the small number of cases where the OGC is unable to resolve an unfair labor practice charge, the OGC issues an unfair labor practice complaint. The OGC issued 293 such complaints in FY 1998 and were able to resolve 223 complaints scheduled for hearing without litigation. This accomplishment is consistent with the OGC's Settlement Policy, which was implemented in FY 1994. In addition, the OGC litigated 23 cases before FLRA's Administrative Law Judges during the fiscal year. This is the lowest number of cases litigated since the Agency was established in 1979.

Appeals - At the beginning of FY 1997, the OGC implemented a new Appeals process to speed up decisions on appeals by decentralizing and integrating the process with the previously issued Quality and Scope of Investigation Policies. As a result of this initiative, the OGC closed 495 Appeals cases, while receiving 455 Appeals during FY 1998. These figures are indicative of the OGC's efforts to improve its responsiveness to the concerns raised in these cases by agencies, unions and individuals.

Representation Petitions: The OGC received 456 new representation cases in FY 1998 and took 534 dispositive actions, resulting in the closure of 391 cases. As in the ULP area, the OGC is continuing to emphasize timely case processing. For example, a 10% reduction from 51% to 41% was made in pending representation caseload more than 90 days old without issuance of a notice of hearing. However, much work remains to be done in FY 1999 and FY 2000 to meet the goal of having no more than 10% of the OGC's pending caseload overage in this area.

Collaboration and Alternative Dispute Resolution Activities: As part of the CADR Program, the OGC has continued to use innovative approaches to resolving labor-management disputes in the Federal sector instead of resorting to costly, time-consuming litigation, which often fails to address the real problems giving rise to a dispute. These approaches, which focus on improving the parties' relationship, include facilitation, intervention, training and education services delivered jointly to management and union representatives on the Statute, interest-based bargaining, alternative dispute resolution and relationship building and intervention. These alternative approaches to resolving cases -- which are praised by management and union representatives alike -- have provided another tool for OGC employees to use in trying to resolve

the parties' disputes, as well as helping the parties to work toward resolving their own disputes. As a result, the parties are filing fewer unfair labor practice charges and trying to resolve many of their issues themselves, thus avoiding litigation. During FY 1998, the OGC conducted 399 facilitation, training, intervention and education activities. To assist employees in the delivery of these services, training materials were developed and disseminated to employees on numerous topics.

The OGC has engaged in several major relationship building initiatives with a significant number of the Immigration and Naturalization Service's District Offices and Border Patrol Sectors nationwide to more effectively deal with issues concerning their workforce composition, with the Air Force Material Command in the downsizing of depots nationwide, and with the Department of Defense Education Activity's efforts to reform its schools worldwide in order to enhance the ability of management and union representatives to address current issues and problems facing their organizations. Additionally, the OGC worked with the Department of Agriculture to facilitate a labor-management group concerning the implementation of the Secretary's initiative to create one service entity from among their Farm Service Agency, Rural Development Office, and Natural Resources and Conservation Service, as well as facilitating a labor-management steering group at the Department of Veterans Affairs on their Pay for Applied Skills demonstration project. The OGC also worked with the American Federation of Government Employees Council 216 and the Air Force Material Command in enhancing their relationship building skills which culminated in the OGC's facilitation of their agreement on a successor contract following more than six years of litigation and impasse proceedings over the matter.

Revision of Unfair Labor Practice Investigatory Regulations: The OGC issued a Federal Register notice of proposed rule making on August 24, 1998, to revise the regulations regarding prevention, resolution, and investigation of unfair labor practice (ULP) disputes. The purpose of these proposed regulations is to facilitate dispute resolution and to simplify, clarify, and improve the processing of ULP charges. The proposed revisions provide for alternative dispute resolution services, which implement the FLRA's agency-wide collaboration and alternative dispute resolution initiative, to assist labor and management in developing collaborative relationships and to provide dispute resolution services. Prior to adoption of the final rules, a series of meetings was conducted across the country to solicit input from FLRA's customers. After considering all comments received, the OGC issued final regulations on November 30, 1998, which became effective January 1, 1999.

Unfair Labor Practice Case Handling Manual: The OGC during FY 1998 developed an Unfair Labor Practice (ULP) Case Handling Manual to implement the revised regulations regarding the prevention, resolution, and investigation of unfair labor practice disputes. This was the first comprehensive update of the ULP manual since its creation in 1979. The ULP Case Handling Manual provides operational and procedural guidance to OGC staff and the parties. The manual will be finalized and issued in FY 1999, and a training program is planned for May 1999 to train OGC staff on the manual's new requirements.

Litigation Manual: The OGC completed the development of its first ever Litigation Manual in FY 1998 and issued it in November 1998. In addition to distribution within the OGC, it was made available to the public to assist the parties in better understanding how regional offices litigate ULP complaints, as well as to help them in preparing for such litigation. The issuance of this manual assists the OGC in the implementation of its litigation strategy by ensuring that all trial attorneys have comprehensive guidance in the prosecution of unfair labor practice cases. The manual incorporates and references the changes to the ULP litigation regulations, which became effective October 1, 1997. In addition, the manual contains guidance on the new pre-hearing procedures and requirements, which cover topics such as pre-hearing disclosure and pre-hearing conferences. The OGC plans to update this manual annually to incorporate new OGC policies, new case law, and new forms and examples.

Guidance and Policy Memoranda: The OGC has continued to issue guidance and policy memoranda to the Regional Directors (which are also made available to FLRA customers) in order to provide leadership in promoting productive labor-management relations in the Federal sector. During FY 1998, the OGC issued memoranda on:

Processing § 7111(f) Claims of Corrupt Influences - This guidance provided information to Regional Directors on the processing of claims of corrupt influences in light of prior Authority decisions.

The Impact of Trusteeships on Representation Petitions - This guidance provided information to Regional Directors on the relationship between trusteeships and representation petitions seeking a change in affiliation.

Scope of Bargaining - This guidance provided information to the Regional Directors and the parties on the proper use of the pre-decisional involvement process and interest-based problem solving techniques in order to limit negotiability disputes. The guidance also addressed the differences between the duty to bargain and the scope of bargaining, good faith bargaining, the concept of negotiability, and the concept of "appropriate arrangements".

In addition, employee and customer training on these topics was conducted at the national and regional levels.

Federal Service Impasses Panel Program Activity Highlights

Voluntary Resolution of Disputes: The Panel strongly believes that voluntary settlements of Federal sector bargaining impasses are in the best interests of the parties and the public. In this regard, it has been the Panel's consistent experience that the best way to promote voluntary settlements is by providing face-to-face assistance to the parties. The Panel provided such assistance in 46 cases during FY 1998, and 22 complete settlements were achieved. The Panel supplements its face-to-face efforts through the frequent use of telephone conferences. Overall, voluntary settlements occurred in 47 cases, which represents 27 % of the cases closed during this period. Many of the voluntary settlements occurred as a result of the direct involvement of

individual Panel Members who provided assistance through informal conferences and mediation-arbitration, either face-to-face or by telephone.

In those cases in which face-to-face assistance was provided but which ultimately required a formal Panel decision, the number of issues in dispute was frequently reduced, and the Panel reached a better understanding of the underlying workplace problem. The success of the Panel in the voluntary resolution of disputes, many of which are extraordinarily complex and contentious, is attributable to its expert mediation and problem-solving skills.

During FY 1998, the Panel has continued its collaboration with the Federal Mediation and Conciliation Service (FMCS) by experimenting with new ways of providing the parties with added incentive to reach voluntary agreements. In addition to directing the parties to return to the bargaining table for concentrated efforts with FMCS assistance, the Panel sought to include mediators in selected cases in its prejurisdictional investigative process. While it is too early to evaluate the effectiveness of this new approach in providing mediators with additional tools to assist their efforts, this illustrates the Panel's constant search for innovative methods of responding to the challenges of Federal sector impasse resolution.

Formal Panel Action: While voluntary settlement is the Panel's preferred dispute resolution outcome, there are cases that require the Panel to impose terms on the parties. In FY 1998, the Panel resolved 33 cases through written decisions. The length of such decisions varied depending on the nature of the case and the number of issues involved. These decisions promptly provided finality to the collective bargaining process, and were based on clear rationale.

Customer Feedback and Education: The Panel, which conducted its first customer survey in September 1995, has continued to gather information from its customers by holding "round table" discussions throughout the country, and taking advantage of the invitations it receives from labor, management, and professional organizations to participate in training seminars, conferences, and symposia. This allows the Panel to hear from users of its services how it can better address their needs. In addition, informational presentations by Panel Members and professional staff at conferences and training seminars are crucial in the current era of downsizing and government reorganizations for educating the growing number of new labor-management relations practitioners.

Agency-Wide Activity Highlights

Collaboration and Alternative Dispute (CADR) Program

The Collaboration and Alternative Dispute (CADR) program implements one of the FLRA's primary strategic goals to reduce litigation and its attendant costs by helping the parties resolve their own disputes with collaboration and alternative dispute resolution and labor-management cooperation activities. The program offers collaboration and alternative dispute resolution services in pending unfair labor practice, representation, negotiability, and bargaining impasse disputes at every step -- from investigation and prosecution to the adjudication of cases and

resolution of bargaining impasses. The CADR program also provides partnership facilitation and training to assist management and labor in developing collaborative relationships. The CADR Office provides support and guidance for these efforts throughout the agency and coordinates intra-component collaboration and alternative dispute resolution activities.

Over the past year, the collaboration and alternative dispute resolution requests that the FLRA has received from management and labor representatives have shifted from seeking general partnership education and information to seeking intervention assistance in pending disputes, and training geared toward problem solving on specific matters. During FY 1998, the three FLRA components, particularly the regional offices, provided facilitation, education and follow up training to hundreds of labor-management partnerships. Additionally, the CADR Office also provided direct intervention services. For example, the CADR Office conducted on-site and telephone collaboration and alternative dispute resolution interventions in twenty-four cases pending before the FLRA. In nineteen of these cases, the intervention resulted in the resolution of the underlying disputes and withdrawal of the pending case.

The agency-wide CADR program is continuing to improve and expand its services. In FY 1998, the CADR program strengthened agency-wide policies on collaboration and alternative dispute resolution in negotiability cases. In addition, programs were initiated to enhance the dispute resolution skills of FLRA staff and customers. Staff also assisted agencies and labor organizations in designing dispute resolution systems. The CADR program is actively reaching out to interested parties through press releases, written materials, on-site briefings with federal sector agencies, unions, neutrals and professional organizations, and participation in seminars, conferences and meetings.

Office of the Solicitor

During FY 1998, 27 court proceedings involving the FLRA were filed and 23 court proceedings were closed. At the end of the year, The FLRA was party to 18 cases under judicial review.

Office of the Executive Director

The divisions within the Office of the Executive Director provide the agency's administrative support. In FY 1998, the office coordinated the development and implementation of the agency's five-year strategic plan and the FLRA Annual Performance Plan, including development of critical performance measurements and baselines. In addition, the office worked to improve the agency's information management systems and to enhance employee development programs.

Improving the FLRA's information resources management (IRM) is a major objective, as reflected in the FLRA strategic plan and the FY 2000 Annual Performance Plan. In FY 1998, the agency implemented a five-year life-cycle program for its hardware and software to enable better long-range planning and maintenance of the updated information infrastructure. IRM initiatives during FY 1998, included: 1) Year 2000 computer assessment, testing, and development of a Remediation Plan; 2) a review of hardware and software to upgrade/replace the agency network operating system and other ADP equipment to ensure Year 2000 compliance; and 3) an agency-

wide telecommunications review to determine the most cost effective way to link headquarters and regional offices.

The FLRA continued to make improvements to its database and case tracking systems to enhance its management tools and capability to measure progress under the Annual Performance Plan. For example, a certification database, that includes all actions where a union has been certified as the representative of a group of employees, was developed and implemented in the regional offices. In addition, OGC ULP database upgrades were completed for use in FY 1998, and conversion and upgrade of all other databases are scheduled for completion during FY 1999. Finally, the agency's in-house research database was augmented to include more up-to-date case information to assist staff in their research.

During FY 1998, the FLRA continued to expand and improve its Web Site, located at www.flra.gov. The home page provides access to Authority decisions, OGC policy guidance, FSIP decisions, FLRA Bulletins, and other information. The home page, which has been well received and visited by a large number of users, represents the FLRA's commitment to ensure that Federal employees, agencies, unions and the general public have easy access to information concerning FLRA.

In FY 1998, the agency, through its Partnership Council, implemented a "core competency" program for its attorneys and labor relations specialists. The program defines career ladders, outlining the skills, abilities, and experiences necessary for the staff to accomplish the FLRA's mission. The core competencies will be used as a basis for recruitment, as well as organizational and individual development plans. The agency also designed a leadership development program which will be implemented in FY 1999.

Two other FY 1998 initiatives aimed at expanding FLRA automation. The agency implemented an automated time and attendance system that allows us to electronically transmit payroll records from headquarters and regional office locations to the Department of Interior payroll processing center in Denver, Colorado. Efforts to implement recent Electronic Funds Transfer (EFT) legislation for Federal payments were also undertaken, including: Direct Deposit EFT for travel reimbursements, payroll and commercial vendor payments.

Office of the Inspector General

The Inspector General (IG) maintained an oversight program and focused heavily on prevention through management consulting, process evaluation, and a management-employee oversight training program. During FY 1998, the IG issued its Semi-Annual Reports to Congress and several internal audit or investigative reports. The IG also participated in the President's Council for Integrity and Efficiency/Executive Council for Integrity and Efficiency programs. The IG recommended progressive process changes, which were accepted and implemented by management, to further improve FLRA administrative and operational areas.

FY 2000 ANNUAL PERFORMANCE PLAN

Mission Statement

The Federal Labor Relations Authority exercises leadership under the Federal Service Labor-Management Statute to promote stable, constructive labor-relations that contribute to a more effective government.

The FLRA fulfills its mission by:

- enforcing and clarifying the law through sound, timely decisions and policies;
- using fast, simple processes to conduct its business;
- providing high quality training and education programs, and furnishing effective intervention services; and
- administering its resources to ensure that services are responsive to the unique needs of its customers.

Resources Requested to Meet Goals

The FLRA is requesting \$23,828,000 and 216 FTEs to meet its strategic goals and carry out its FY 2000 annual performance plan outlined below, thereby, fulfilling its statutory responsibility. Eighty percent of the FLRA's budget is attributable to personnel costs. More than 85% of the FLRA's staff is dedicated to providing the services described in Goal 1 and Goal 2.

The FY 2000 program performance goals were constructed with the assumption that the agency would experience level staffing and budget, relative stability in case intake, and normal staff turnover.

Annual Performance Goals

Strategic Plan Goal 1: To consistently provide high quality services that timely resolve disputes in the Federal labor-management relations community.

Component/ Type of Case	FY 2000 Program Performance Goals	Baselines
OGC/Unfair Labor Practices	Ensure that no more than 15% of the cases pending are over 90 days without initial dispositive action.	31% (FY97), reduced to 25% (FY98), of cases pending over 90 days without initial dispositive action.
OGC/Representation	Ensure that no more than 15% of the cases pending are over 90 days without notice of hearing issued.	51% (FY97), reduced to 41% (FY98), of cases pending over 90 days without notice of hearing issued.
OALJ/UPL Hearing	Ensure median age of 70 days from date complaint issued to hearing; no more than 10% of cases pending decision will reach hearing in more than 120 days.	Median age of 73 days (FY97), reduced to 63 days (FY98), of cases pending from date complaint issued to hearing. 13% (FY97), 12% (FY98), of cases pending decision reached hearing in over 120 days.
OALJ/UPL Post-hearing	Ensure median age of 90 days from close of hearing to decision; no more than 10% of cases pending decision will exceed 165 days.	Median age of 108 days (FY97), reduced to 73 days (FY98), from close of hearing to issuance of decision. 0% (FY97), 2% (FY98), of cases pending decision following close of hearing exceeded 165 days.

Authority Member Offices/ Arbitration, Negotiability, ULP, Representation Cases	Ensure that no more than 10% of cases pending decision are over 273 days old; issue at least 216 Authority Member decisions.	FY 97/98 goals focused on reducing cases pending decision over 365 days. Baseline for cases pending decision over 273 days is 52% (FY98). 187 cases closed by Member decision (FY97), increased to 217 cases closed by Member decision (FY98).
Panel/Impasses	Ensure median age of 68 days for cases where jurisdictional issues are raised and jurisdiction is declined.	Median age of 72 days (FY97), remaining relatively constant at 73 days (FY98), between date of filing and declination of jurisdiction.
Panel/Impasses	Ensure median age of 94 days for cases that settle voluntarily after procedural determination.	Median age of 99 days (FY97), remaining relatively constant at 101 days (FY98), between date of filing and voluntary settlement after procedural determination.
Panel/Impasses	Ensure median age of 148 days for cases that close through Decisions and Orders.	Median age of 154 days (FY97), reduced to 138 days (FY98), between date of filing and issuance of Decision and Order.
All Components	Consistently comply with established quality standards; ongoing evaluation of the effectiveness of quality performance measures.	Baseline data to be developed in FY 1999.
Authority	Evaluate the effectiveness of new negotiability regulations issued in FY 1999.	Baseline data to be developed in FY 1999.
Authority	Review the effectiveness of the process for resolving exceptions to arbitration awards.	Baseline data to be developed as part of this review.

Means and Strategies

All of the above services will be performed by FLRA staff -- primarily by the components' attorneys and labor relations specialists. In order to achieve the above goals, the FLRA will continue to ensure that the staff has the requisite skills, knowledge and abilities to perform its mission. The FLRA will monitor workload and staffing trends to ensure that resources, including staff, travel and training, are appropriately allocated to achieve the above goals. The FLRA will use its technology to: 1) produce its work products; 2) provide electronic research and electronic communications capabilities to agency staff; and 3) monitor, measure and report on the status of workload.

Consistent with the FLRA performance management plan, individual performance plans (elements, standards and work plans) will contain the appropriate performance goals specific to the individual's program function to ensure the linkage between organizational and individual goals and performance.

Verification and Validation

The performance targets above were developed by evaluating and projecting workload trends; reviewing historical workload data and trends; and discussing performance measures with other similarly situated agencies. The performance targets were based on the assumption that the agency would have a fairly level case intake, with the usual mix of cases, and that staff resources would remain constant. The FLRA intends to measure its achievement of the case processing and issuance goals through the use of the agency's case tracking system. Upon completion, the system will have the capability to monitor, measure and report case production within all program functions, and to project trends through the use of computer models. By regularly measuring case production, the FLRA will be able to determine whether the agency, or any program function, is on track to meet its targets. Through monthly and quarterly reviews, agency management will be able to identify problem areas and make adjustments to its work processes or resource levels. To accomplish the objectives related to quality standards and revised regulations, the agency has established deadlines for each project. In addition, the agency will use customer feedback developed during the revision of the regulations to measure improvements.

Strategic Plan Goal 2: To effectively use and promote alternative methods of dispute resolution and avoidance to reduce the costs of conflict in the Federal labor-management relations community.

Component	FY 2000 Program Performance Goals	Baselines
All Components, coordinated by CADRO	Provide training, facilitation, and intervention services to resolve pending disputes and provide the parties with tools to constructively manage their workplace disputes.	Baseline data to be developed in FY 1999.
All Components, coordinated by CADRO	Offer and encourage parties to use collaboration and alternative dispute resolution services in every negotiability case pending before the Authority, consistent with regulations effective in FY 1999.	FY98 - developed and implemented collaboration and alternative dispute resolution services in negotiability appeals; in 90% of the pending negotiability cases, services were offered; in 43% of these cases, the parties used the services; 79% of the cases in which the services were used were successfully settled.
OALJ	Offer, and encourage parties to use, collaboration and alternative dispute resolution services in every ULP appeal pending before the OALJ.	FY98 - in 100% of the cases, services were offered; in 63% of these cases, the parties used the services; 78% of the cases in which the services were used were successfully settled. Collaboration and alternative dispute resolution procedures formalized in ULP litigation regulations implemented October 1, 1997.
OGC	Provide alternative dispute resolution services, consistent with new ULP investigatory regulations issued in FY 1999.	Baseline data to be developed in FY 1999.

All Components, coordinated by CADRO	Develop FLRA staff to successfully deliver collaboration and alternative dispute resolution services.	Baseline data to be developed in FY 1999.
All Components, coordinated by CADRO	Evaluate and determine the effectiveness of the alternative dispute resolution services that are provided.	Baseline data to be developed in FY 1999.

Means and Strategies

All of the above services will be performed by FLRA staff -- primarily by attorneys and labor relations specialists -- in all agency components in headquarters and regional offices. Consistent with its priority to maintain a highly skilled staff, FLRA staff will be trained in collaboration and alternative dispute resolution methods, including facilitation, intervention and dispute resolution techniques. The components, through the CADR program coordinated by the CADR Office, will implement the above goals by targeting collaboration and alternative dispute resolution services in pending ULP, representation, negotiability, and bargaining impasse disputes at every step -- from investigation and prosecution to the adjudication of cases and resolution of bargaining impasses, as well as provide partnership facilitation and training to parties as appropriate.

Consistent with the FLRA performance management plan, individual performance plans (elements, standards and work plans) will contain the above performance goals specific to the individual's program function to ensure the linkage between organizational and individual goals and performance.

Verification and Validation

The components will implement an evaluation system in coordination with the CADR Office, which will include a measurement of customer satisfaction, to determine the effectiveness of the sessions and the services provided and make appropriate changes, including additional services and training sessions needed to serve the parties. Trends will be monitored, such as the types and frequency of disputes, to determine the most effective services and training. The agency will also track the training, facilitation, and intervention sessions provided to federal agencies, employees, and organizations representing Federal employees.

Strategic Plan Goal 3: To maintain FLRA's internal systems and processes to support a continually improving, highly effective and efficient organization with the flexibility to meet program needs.

Component	FY 2000 Program Performance Goals	Baselines
Information Resources Management Division (IRMD)	Ensure that all FLRA hardware, software, systems, peripherals, and office facilities are Year 2000 compliant on or before January 1, 2000.	FY98 - Year 2000 assessment and testing completed; remediation plan developed.
IRMD	Upgrade agency infrastructure, including hardware and software, in accordance with agency life cycle management plan.	FY98 - 90% of agency hardware at Pentium level capacity.
IRMD	Develop and test FLRA web site capability to search FLRA decisions.	FY98 - FLRA decisions on FLRA web site, without search capability.
IRMD	Maintain, and further refine, a fully integrated agency-wide case management system that provides accurate case tracking and reporting, and critical workload measurement of agency program activities.	FY98 - Four of five component case tracking systems operating under Oracle database; systems have not yet been integrated.

Means and Strategies

All of the above services will be achieved by FLRA staff, primarily in the headquarters office, as well as by contractors providing support in database analysis and design, programming and other services. The FLRA will monitor workload and staffing to ensure that resources are appropriately allocated to achieve these goals. The FLRA has established technology committees, representing a cross-section of FLRA employees, to assist the Information Resources Management Division in implementing its objectives. To implement specific performance goals, IRMD action plans will establish deadlines for each project and progress toward each goal will be monitored regularly.

Consistent with the FLRA performance management plan, individual performance plans (elements, standards and work plans) will contain the above performance goals specific to the individual's program function to ensure the linkage between organizational and individual goals and performance.

Verification and Validation

The FLRA will measure the achievement of the above performance goals by: 1) testing the accuracy of the case management system data base; 2) confirming that the case management system is responsive to program office needs, including the flexibility to make system changes and retrieve information; 3) corroborating that FLRA network operations and its life cycle approach take advantage of mainstream commercial off-the-shelf technology; 4) verifying that agency research capabilities meet program needs; and 5) verifying Year 2000 compliance of information technology systems.

Strategic Plan Goal 4: To develop FLRA's human resources to ensure a continually improving, highly effective and efficient organization with the flexibility to meet program needs.

Component	FY 2000 Program Performance Goals	Baselines
Human Resources Division (HRD)	Improve individual and organizational performance by maintaining an effective performance management program.	Baseline data to be developed in FY 1999.
HRD	Improve agency hiring and recruitment practices to ensure a multi-skilled workforce that responds to mission requirements.	Baseline data to be developed in FY 1999.
HRD	Develop a model competency training plan for attorneys and labor relation specialists.	FY98 - Core competencies for attorneys and labor relations specialists in place; training plan not yet developed.
HRD	Evaluate the effectiveness of the Leadership Development Program and make adjustments as appropriate.	FY98 - Leadership Development Program designed in FY 1998.

Means and Strategies

All of the above services will be achieved by FLRA staff, primarily in the headquarters office, as well as by contractors in certain instances. The FLRA will ensure that its staff has the skills to successfully achieve these goals. In FY 1999, the agency will assess the core competency program for its attorneys and labor relations specialists. The core competency program defines career ladders outlining the skills, knowledge and experiences necessary for the staff to accomplish the agency mission. The program will be used to support our recruitment, merit promotion, performance management and training and development efforts. The FLRA will monitor agency and individual performance consistent with its performance management plan, which links organizational goals and performance with individual goals and performance. Where appropriate, training and development will be provided to individuals and organizations to improve performance. Where necessary, removal, downgrade or reassignment actions will be taken when individuals fail to meet their performance targets.

Verification and Validation

The FLRA will measure the achievement of the above goals by reviewing agency workload data to determine whether individuals and components achieved their performance goals, as described agency's annual performance plan. The FLRA will review the manner in which decisions affecting management development are being made to determine whether the system is integrated, and allowing the agency to maximize the use of its resources. The FLRA will also review employee development programs to determine the effectiveness of training provided to staff.

SUMMARY OF OBLIGATIONS BY OBJECT CLASSIFICATION

(In thousands of dollars)

	FY 1998	FY 1999	FY 2000	FY 1999/ FY 2000
	<u>Actual</u>	<u>Estimate</u>	<u>Request</u>	<u>Change</u>
Direct Program:				
Personnel Compensation:				
Full-time permanent	\$12,795	\$14,154	\$14,818	\$664
Other than full-time permanent	904	875	904	29
Other personnel compensation	340	180	180	---
Special personal services payments	---	---	---	---
	-----	-----	-----	-----
Total personnel compensation	14,039	15,209	15,902	693
Personnel benefits: Civilian	2,492	2,715	2,959	244
Benefits for former personnel	14	---	---	---
Travel and transportation of persons	607	680	680	---
Transportation of things	---	1	1	---
Rental payments to GSA	2,011	2,050	2,406	356
Communications, utilities, and miscellaneous charges	580	544	518	(26)
Printing and reproduction	126	102	102	---
Consulting Services	135	25	25	---
Other services	1,182	960	917	(43)
Supplies and materials	313	218	193	(25)
Equipment	495	125	125	---
	-----	-----	-----	-----
Total direct program	\$21,994	\$22,629	\$23,828	\$1,199
Reimbursable program	88	100	100	---
	-----	-----	-----	-----
Total obligations	\$22,082	\$22,729	\$23,928	\$1,199

OBJECT CLASSIFICATION BY FLRA COMPONENT

(in thousands of dollars)

	<u>Authority</u>	<u>OGC</u>	<u>FSIP</u>	<u>Total</u>	<u>%</u>
Total personnel compensation	6,890	8,322	690	15,902	66.7
Personnel benefits: civilian	1,249	1,573	137	2,959	12.4
Benefits for former personnel	---	---	---	---	---
Travel and transportation of persons	152	470	58	680	2.9
Transportation of things	---	1	---	1	---
Rental Payments to GSA	2,406	---	---	2,406	10.1
Communications, utilities and miscellaneous charges	502	15	1	518	2.2
Printing and reproduction	81	16	5	102	.4
Consulting Services	25	---	---	25	.1
Other services	706	201	10	917	3.9
Supplies and materials	127	63	3	193	.8
Equipment	98	25	2	125	.5
TOTAL	\$12,236	\$10,686	\$906	\$23,828	100.0

PROGRAM AND FINANCING**Salaries and Expenses: 54-0100-0-1-805**

(in thousands of dollars)

	FY 1998	FY 1999	FY 2000
	<u>Actual</u>	<u>Estimate</u>	<u>Request</u>
Program by activities:			
Direct Program:			
Authority	11,472	11,509	12,236
Office of the General Counsel	9,783	10,286	10,686
Federal Service Impasses Panel	<u>739</u>	<u>834</u>	<u>906</u>
Total direct program	21,994	22,629	23,828
Reimbursable program	<u>88</u>	<u>100</u>	<u>100</u>
Total obligations	22,082	22,729	23,928
Financing:			
Unobligated balance lapsing	<u>87</u>	<u>---</u>	<u>---</u>
Budget authority (gross)	22,169	22,729	23,928
Budget authority:			
Current:			
Appropriation	22,039	22,586	23,828
Reappropriation	42	43	
Permanent:			
Spending authority from offsetting collections	88	100	100
Relation of obligations to outlays:			
Total obligations	22,082	22,729	23,928
Obligated balance, start of year	1,942	2,716	2,000
Obligated balance, end of year	(2,716)	(2,000)	(2,000)
Adjustment in expired accounts	<u>(167)</u>	<u>---</u>	<u>---</u>
Outlays (gross)	21,141	23,445	23,928
Adjustments to budget authority and outlays:			
Deductions for offsetting collections:			
Federal Funds	<u>(88)</u>	<u>(100)</u>	<u>(100)</u>
Budget authority (net)	22,081	22,629	23,828
Outlays (net)	21,053	23,345	23,828

AUTHORITY CASELOAD**FY 1997 - 2000**

	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u> <u>Actual</u>	<u>FY 1999</u> <u>Estimate</u>	<u>FY 2000</u> <u>Estimate</u>
<u>Cases Pending Start of Year</u>	280	260	189	154
<u>New Case Intake</u>				
Arbitration	133	108	116	116
Negotiability	58	62	67	67
Representation	22	16	21	21
Unfair Labor Practice	58	40	65	65
Miscellaneous	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>
<u>Total Case Intake</u>	<u>272</u>	<u>228</u>	<u>271</u>	<u>271</u>
<u>Total Caseload</u>	552	488	460	425
<u>Cases Closed</u>				
Arbitration	121	150	145	147
Negotiability	78	58	64	73
Representation	25	18	23	20
Unfair Labor Practice	67	72	73	74
Miscellaneous	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
<u>Total Cases Closed</u>	292	299	306	315
<u>Cases Pending End of Year</u>				
Arbitration	118	76	47	16
Negotiability	59	63	66	60
Representation	5	3	1	2
Unfair Labor Practice	77	45	37	28
Miscellaneous	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
<u>Total Pending End of Year</u>	260	189	154	110

**OFFICE OF THE ADMINISTRATIVE LAW JUDGES
CASELOAD**

FY 1997 - 2000

	<u>FY 1997 Actual</u>	<u>FY 1998 Actual</u>	<u>FY 1999 Estimate</u>	<u>FY 2000 Estimate</u>
<u>Cases Pending Start of Year</u>	91	51	45	40
<u>New Case Intake</u>	<u>347</u>	<u>286</u>	<u>355</u>	<u>330</u>
<u>Total Caseload</u>	438	337	400	370
<u>Cases Closed</u>				
Cases Closed Before Hearing	268	236	285	250
Cases Closed At Hearing	29	10	15	15
Cases Closed By Decision	<u>90</u>	<u>46</u>	<u>60</u>	<u>65</u>
<u>Total Cases Closed</u>	387	292	360	330
<u>Cases Pending End of Year</u>				
Awaiting Hearing	35	37	25	25
Awaiting Decision	<u>16</u>	<u>8</u>	<u>15</u>	<u>15</u>
<u>Total Pending End of Year</u>	51	45	40	40

COLLABORATION AND ALTERNATIVE DISPUTE RESOLUTION PROGRAM

	<u>FY 1997 Actual</u>	<u>FY 1998 Actual</u>	<u>FY 1999 Estimate</u>	<u>FY 2000 Estimate</u>
<u>Agency-wide Activities</u>				
Training on the Statute				
Number of Sessions	165	185	200	200
Number of Participants	7,665	6,582	8,000	8,000
Interest Based Bargaining, Alternative Dispute Resolution and Partnership Training				
Number of Sessions	77	72	150	150
Number of Participants	2,734	1,477	2,400	2,400
Relationship Building and Intervention				
Number of Sessions	113	168	155	155
Number of Participants	3,053	6,647	5,050	5,050

Note: The above workload statistics represent agency-wide efforts undertaken in support of this program by all FLRA components.

**OFFICE OF THE GENERAL COUNSEL
UNFAIR LABOR PRACTICE CASELOAD**

	<u>FY 1997 Actual</u>	<u>FY 1998 Actual</u>	<u>FY 1999 Estimate</u>	<u>FY 2000 Estimate</u>
<u>Cases Pending Start of Year</u>				
Charges Pending Without Dispositive Action	2,276	1,744	1,731	1,631
Complaints Pending Without Dispositive Action	331	317	364	364
Compliance Actions Pending	153	59	27	27
<u>ULP Case Intake</u>				
Charges Filed	5,323	5,702	5,700	5,700
<u>ULP Case Actions</u>				
New Complaints	334	293	350	325
New Compliance Actions	<u>208</u>	<u>186</u>	<u>190</u>	<u>190</u>
<u>Total ULP Case Workload</u>	8,625	8,301	8,362	8,237
<u>Dispositive Actions</u>				
Initial Dispositive Actions	5,855	5,715	5,800	5,800
Post-Complaint Actions	348	246	350	350
Compliance Actions	<u>302</u>	<u>218</u>	<u>190</u>	<u>190</u>
<u>Total ULP Dispositions</u>	6,505	6,179	6,340	6,340
<u>ULP Cases Pending End of Year</u>				
Charges Pending Without Initial Dispositive Action	1,744	1,731	1,631	1,531
Complaints Pending Without Dispositive Action	317	364	364	339
Compliance Actions Pending	<u>59</u>	<u>27</u>	<u>27</u>	<u>27</u>
<u>Total Pending End of Year</u>	2,120	2,122	2,022	1,897

**OFFICE OF THE GENERAL COUNSEL
UNFAIR LABOR PRACTICE CASELOAD
APPEALS**

	<u>FY 1997 Actual</u>	<u>FY 1998 Actual</u>	<u>FY 1999 Estimate</u>	<u>FY 2000 Estimate</u>
<u>Cases Pending Start of Year</u>	134	139	99	89
<u>New Cases</u>	<u>494</u>	<u>455</u>	<u>485</u>	<u>485</u>
<u>Total Appeals Workload</u>	628	594	584	574
<u>Case Dispositions</u>	<u>489</u>	<u>495</u>	<u>495</u>	<u>495</u>
<u>Total Pending End of Year</u>	139	99	89	79

**OFFICE OF THE GENERAL COUNSEL
REPRESENTATION CASELOAD**

	<u>FY 1997 Actual</u>	<u>FY 1998 Actual</u>	<u>FY 1999 Estimate</u>	<u>FY 2000 Estimate</u>
<u>REP Cases Pending Start of Year</u>	457	530	700	700
<u>REP Case Intake</u>	460	456	450	450
<u>REP Case Actions</u>	<u>200</u>	<u>248</u>	<u>175</u>	<u>175</u>
<u>Total REP Case Workload</u>	1,117	1,234	1,325	1,325
<u>Total REP Dispositions</u>	<u>587</u>	<u>534</u>	<u>625</u>	<u>625</u>
<u>Workload Pending End of Year</u>	530	700	700	700

FEDERAL SERVICE IMPASSES PANEL CASELOAD

	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u> <u>Actual</u>	<u>FY 1999</u> <u>Estimate</u>	<u>FY 2000</u> <u>Estimate</u>
<u>Cases Pending Start of Year</u>	43	30	30	30
<u>Impasses Received</u>	<u>148</u>	<u>175</u>	<u>175</u>	<u>175</u>
<u>Total Caseload</u>	191	205	205	205
<u>Impasses Resolved</u>	<u>161</u>	<u>175</u>	<u>175</u>	<u>175</u>
<u>Total Pending End of Year</u>	30	30	30	30

LEGAL AUTHORITIES

The legal authorities of the Federal Labor Relations Authority are set forth in the following:

Reorganization Plan No. 2 of 1978, consolidated the central policy-making functions in Federal labor-management relations under the Federal Labor Relations Authority, an independent agency. Previously, these functions had been divided between the Federal Labor Relations Council and the Assistant Secretary of Labor for Labor-Management Relations.

Civil Service Reform Act of 1978, as amended by the Civil Service Miscellaneous Amendments Act of 1983, established the Federal labor-management relations program under a statute administered by the Federal Labor Relations Authority.

Section 903 of the Civil Service Reform Act of 1978, provides permanent authorization for the Federal Labor Relations Authority to be appropriated "... such sums as may be necessary to carry out the provisions of this Act."

Panama Canal Act of 1979, expanded the jurisdiction of the Federal Labor Relations Authority to employees, including foreign nationals, of the Panama Canal Commission and U.S. agencies in the Panama Canal area. The jurisdiction to resolve labor-management disputes involving the Panama Canal Commission and other U.S. Government agencies located in what was the Canal Zone of the Republic of Panama, and the exclusive representatives of their employees under the Statute, ended as of July 1, 1998, pursuant to recent Congressional amendments to 22 U.S.C. § 3701 et seq.

Foreign Service Act of 1980, established a labor-management relations program for the members of the Foreign Service and established the Foreign Service Labor Relations Board and the Foreign Service Impasse Disputes Panel, which are supported by the Federal Labor Relations Authority.

Federal Employees Flexible and Compressed Work Schedules Act of 1982, as converted into permanent authority by the Act to Convert the Temporary Authority to Allow Federal Employees to Work on a Flexible or Compressed Schedule under Title 5, U.S. Code, into Permanent Authority, granted the Federal Service Impasses Panel jurisdiction over negotiation impasses regarding alternative work schedules.

Section 291 of the Federal Crop Insurance Program and Department of Agriculture Reorganization Act of 1994, Pub. L. No. 103-354, assigns the Authority specific responsibilities concerning the certification of new or modified bargaining units resulting from reorganizations within the Department of Agriculture.

Presidential and Executive Office Accountability Act, Pub. L. No. 104-331, applies various civil rights, labor and employment laws, including Chapter 71 of 5 U.S. Code, to employees of the Executive Office of the President. Section 431 of the Act requires the Federal Labor Relations Authority to promulgate regulations to include the newly covered employees.

**EXHIBIT ON INSPECTOR GENERAL INFORMATION FOR
DESIGNATED FEDERAL ENTITIES**

(in thousands of dollars)

Resources:	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>
Budget Authority	\$150	\$184	\$192
FTE Work years	2.2	1	1

The Office of Inspector General was established at the Federal Labor Relations Authority in FY 1989 pursuant to the provisions of the Inspector General Act of 1988, Public Law 100-504, funded within the Authority Decision Unit.

In addition to salary and benefits for the FTE reflected, other support funds for travel, training, printing, and \$75,000 in contract audits are included in the above estimates.



STATEMENT FOR THE RECORD

SUBMITTED BY

BEN L. ERDREICH, CHAIRMAN
U.S. MERIT SYSTEMS PROTECTION BOARD

TO THE SUBCOMMITTEE ON THE TREASURY,
POSTAL SERVICE AND GENERAL GOVERNMENT

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

ON THE FISCAL YEAR 2000
MSPB APPROPRIATION

Chairman Kolbe, Ranking Member Hoyer, and Members of the Subcommittee:

Thank you for the opportunity to submit this statement for the record and, as the Subcommittee begins its consideration of the appropriations for the U.S. Merit Systems Protection Board and other components of the Federal government's civil service system, to discuss MSPB funding for the next year.

During the ten years I served as a Member of Congress, I was a member of the Committee on Government Operations, which oversaw agencies and programs related to the civil service functions. Since my appointment to the MSPB in 1993, I have had a chance to oversee the operation of one part of that system, and, I hope to accomplish the agency's transition to a new way of doing business using information technology.

As we celebrate the 20th anniversary of the enactment of the Civil Service Reform Act of 1978, I must comment on what a different world the Federal workplace is than it was 20 years ago. It is much smaller--the workforce has been cut by some 300,000 jobs. It is more customer oriented. Regulations have been streamlined. Accountability and performance are the focus of management. And, information technology is changing everyone's daily work.

But, despite all these changes, the principles underlying the CSRA remain sound and viable. And, there is no change in the MSPB's commitment to promoting merit and fairness in the operation of the Federal civil service system. The Board's neutral, independent adjudication of employee appeals ensures a fair and efficient workplace and its published studies provide a broad view of trends, issues, and problems facing Federal employees and managers. Both functions are critical to preserve a merit-based employment system that benefits not only Federal employees but the public they serve.

MANAGING FOR THE FUTURE

MSPB is in the process of implementing an integrated electronic document management and workflow system that will revolutionize the way we do business. After full implementation, agencies, representatives, and Board employees will have easy electronic access to documents in case records. The electronic filing system will improve employee productivity, allow the Board to reduce staff

costs, reduce legal research and administrative costs, provide better customer service--and produce significant cost savings--some \$1,015,000 to the Board, \$250,000 to our customers, for a total of \$1,265,000 annually. See attached analysis of projected savings.

The first phase of the system includes modules for case management, document management, document creation, and legal research. The next phase involves on-line submission and acceptance of appeals, briefs, and other case-related materials and provides access to electronic case records by all Board employees. The project is being carefully implemented, step by step, using off-the-shelf software rather than expensive custom-designed--and untested--products. To avoid costly mistakes, we are using prototypes and pilot projects to test components during each phase of the development process. In this initiative, we have kept in mind the Government Paperwork Elimination Act that encourages use of electronic information technologies (Pub. L. No. 105-277 (1998)) and the recently proposed OMB regulations requiring agencies to provide optional use and acceptance of electronic documents and electronic record-keeping by October 2003.

THE MSPB OPERATIONS--THE NEED FOR ELECTRONIC PROCESSING

During my term, the MSPB has cut significant costs in traditional management ways. I am pleased to report that the MSPB today is 23 percent smaller than in 1993, a decrease from 323 to 250 employees. It has fewer layers of management, fewer offices, and fewer administrative and support staff. At the same time, we have not experienced the decline in case receipts that we had anticipated because of government-wide downsizing. Rather, the historic level of about 10,000 cases a year continues.

The increasing complexity of cases has also shaped our long-range strategic plans. To claims of removals and suspensions, many appellants are adding allegations of disability, sex, race and/or age discrimination, Family and Medical Leave Act issues, claims of reprisal for whistleblowing, and Uniformed Services Employment and Reemployment Rights Act (USERRA) rights. All of these issues must be addressed, lengthening the time required for hearings and decision writing.

In addition, Board jurisdiction and appealable matters are changing. The Board estimates that it might receive some 1,000 additional appeals under the Veterans Employment Opportunities Act of 1998. The Veterans Programs Enhancement Act of 1998 extended Board jurisdiction under USERRA to cover claims of violations that occurred before USERRA was enacted (October 13, 1994). The Presidential and

Executive Office Accountability Act of 1996 extends the Board's jurisdiction to some 1,700 employees and requires the Board to apply civil rights and labor laws.

To continue to process cases in a timely matter with attention to quality with our reduced resources has required significant organizational planning. We have compensated largely by devoting more resources to critical case-processing functions and cutting other functions. Even with all that, however, more has to be done. After careful evaluation, we concluded the answer was to change our processes through information technology.

ALTERNATIVES TO LITIGATION--MSPB'S PROGRAMS

The MSPB has long looked to alternative dispute resolution to promote settlement of cases. The MSPB was authorized by the CSRA to experiment with alternatives to litigation and the Board early on established a policy to make settlement efforts in every case. For over a decade, the Board has settled some 50 percent of the cases not dismissed on jurisdictional or timeliness grounds. Last year, the Board settled almost 54 percent of cases not dismissed--a new high.

In 1993, the Board initiated a program focused on settling cases pending for review of the initial decision by the full Board. Last year, the Board settled almost 30 percent of the cases selected for the program.

The Board has also initiated planning for a formal training program to help agencies and employees achieve early resolution of potential cases. The program, to be conducted in partnership with the Public Administration Forum and a major university, is intended to develop a cadre of knowledgeable and skilled certified appeals resolution advisors who will be able to resolve cases prior to their being filed with the MSPB.

THE MSPB RECORD--FY 1998

The MSPB record remains strong. During FY 1998, the Board's timeliness in issuing decisions meant that, on average, an appeal to the Board was processed through both initial and Board level review in about 10 months. This speedy processing is important because about 90 percent of Board appeals involve review of agency personnel actions--actions having a real impact on lives.

At the same time, the MSPB has maintained the quality of its decisions. In FY 1998, our principal reviewing court, the U.S. Court of Appeals for the Federal Circuit, left 92 percent of the MSPB decisions it reviewed unchanged.

And, in the studies program, the MSPB provides relevant, timely assessments of basic personnel matters--important in light of the increasing decentralization of personnel authorities. MSPB studies of the civil service and merit systems are deliberately emphasizing issues of practical importance to Federal employees and managers. Recent reports focused on helping agencies recruit, select, motivate and manage a highly qualified workforce. Not only do Board studies provide useful recommendations, they also provide benchmarks against which current practices can be measured.

FUNDING REQUEST

Our FY 2000 request is for \$28,957,000 in appropriated funds and a \$2,430,000 limitation on reimbursements from the Civil Service Retirement and Disability Fund. Because we believe the long-term ability of the Board to provide due process to those who come before it is at stake, we are exercising our budgetary bypass authority, 5 U.S.C. 1204(k), and request additional funds beyond the OMB passback level--an additional \$1,371,000.

Funding at the requested level is critical to maintain our current staffing levels--a bare minimum necessary to provide timely adjudication of cases and basic studies. We have assessed our operation repeatedly and further savings from cuts in personnel or operations are simply not feasible. We have little flexibility in our budget. In FY 2000, about 74 percent of the budget will go for personnel compensation. Another 14 percent will go for fixed costs (11 percent for such things as rent, utilities, and maintenance costs and another 3 percent for direct case processing costs, including travel, court reporting and legal research).

The requested funding will also provide the resources necessary to implement the electronic case filing and document management systems, systems we believe are critical to our long-term ability to handle our cases. OMB expressed strong support for the integrated electronic case system but was only able to approve \$529,000 of the \$1,900,000 needed in fiscal 2000. As I noted, we have carefully planned this system to make our process more efficient, and, when implemented, to provide better service at lower cost.

Thank you Mr. Chairman, Ranking Member Hoyer, and Members of the Subcommittee for your interest in and support of the civil service. We can all agree that neutral, third-party adjudication and oversight is essential to a Federal government that functions well. As you deliberate over the difficult funding choices this year, I ask you to take into

account that support of our efforts to provide timely, quality adjudication of appeals through effective use of information technology will pay off.

I look forward to working with you and your staff, and I will be happy to provide any additional information you would like.

Projected Savings from the MSPB ADP Improvement Plan

Explanation of Savings

1. Reducing costs of legal research and ending maintenance of outdated systems. (\$215,000 annually)

- Using Dataware software will reduce our on-line legal research costs of \$230,000 per year by approximately 50-60 percent for savings of about \$115,000;
- Using electronic legal research will reduce our paper subscriptions to research tools, saving MSPB about \$50,000 annually; and
- Eliminating obsolete hardware and ending software maintenance contracts will save about \$50,000 annually.

2. Reducing staff costs. (\$750,000 annually)

The efficiency of the ADP system will increase staff productivity in adjudicating appeals. These efficiencies will be translated into savings through a combination of reducing staffing levels, if future workload levels permit, reassigning staff to other priorities, and/or reducing the overall grade levels required to process work.

- Implementing a HotDocs based expert system and an improved Document Management System will reduce the time Administrative Judges and Headquarters attorneys spend on initially developing a case, and lower graded staff can be assigned to the early stages of case processing; and
- Implementing an improved Case Management System, an Electronic File, Electronic Filing, and a Document Management system will automate tasks such as preparing and mailing routine correspondence, orders and decisions, reviewing case files, entering data, and filing of briefs and pleadings, tasks now largely performed manually by MSPB attorneys and support staff.

3. Reducing administrative costs such as paper, postage, and storage of documents. (\$50,000 annually)

Using electronic correspondence and maintaining case records electronically through an enhanced Case Management System, Electronic Case File, Electronic Filing, coupled with an advanced Document Management System, will save about \$50,000 annually in paper, postage, and storage costs.

4. Reducing customer costs and improving customer service. (\$250,000 annually)

Allowing our customers to file electronically will generate a savings of about \$25 per appeal on the average 10,000 appeals MSPB receives each year.

Projected Savings from the MSPB ADP Improvement Plan

Under the Five Year ADP Plan the Merit Systems Protection Board will replace its outdated information technology with an integrated system featuring electronic filing, electronic publishing, and electronic case records. The plan provides a state-of-the-art system integrating case processing, case management, automated document preparation, and electronic storage of case documents. All components of the new system will be built using well tested commercially available off-the-shelf software (COTS). As a quality assurance check, the system will be implemented in phases using prototypes and pilot systems.

Summary of Annual Cost Savings (at Fiscal 1999 rates)

Savings to MSPB - \$1,015,000

Savings to our Customers - \$250,000

Total Annual Savings - \$1,265,000

- 1. Reduce cost of legal research and end maintenance of outdated systems (\$215,000 annually).**
- 2. Reduce staff costs (\$750,000 annually).**
- 3. Reduce administrative costs such as paper, postage, and storage of documents (\$50,000 annually).**
- 4. Reduce customer costs and improve customer services (\$250,000 annually).**

U.S. Merit Systems Protection Board



BUDGET JUSTIFICATION FISCAL YEAR 2000

**Submitted to the
Committees on Appropriations**



U.S. MERIT SYSTEMS PROTECTION BOARD

Integrated Document Management and
Workflow System

FINAL SYSTEM PROPOSAL

August 31, 1998

Submitted To:

U.S. Merit Systems Protection Board

1120 Vermont Avenue
Washington, D.C. 20419

Prepared For:

Federal Office Systems Center
5203 Leesburg Pike, Suite 1100
Falls Church, VA 22041

Prepared By:

ITS Services Team
of
ITS Services, Inc. and TechLaw, Inc.



EXECUTIVE SUMMARY

OVERVIEW

The Merit Systems Protection Board (MSPB) is an independent quasi-judicial Federal agency charged with protecting the integrity of the Federal merit employment systems and the rights of Federal employees. MSPB hears and adjudicates approximately 10,000 appeals from Federal employees annually.

The Board, through FEDSIM, has issued a delivery order to obtain assistance from ITS Services in developing and implementing a document management and workflow system through a phased approach. This contractor support is provided by the ITS Services Team consisting of staff resources from the prime contractor ITS Services Inc. and subcontractor TechLaw, Inc.

The first task in the delivery order was the development of a project plan that was prepared and submitted as the *Final Project Plan* deliverable on June 1, 1998. In the project plan we outlined the series of tasks and activities to be accomplished at this initial stage of the project. The specific deliverables required to be produced for each task were identified along with a project schedule showing tasks and deliverable milestones. Under Task 2, we performed a needs inquiry which involved understanding the workflow at MSPB and gathering user requirements through surveys and discussions with a variety of end users. Work accomplished under the needs inquiry task resulted in the preparation and delivery of the *Draft User Requirements* report delivered on July 24, 1998. The final task in the delivery order is the development of the *Systems Proposal* with the first deliverable being the *Draft Systems Proposal* that was delivered on August 20, 1998. Based on comments from MSPB we revised the draft and prepared the *Final Systems Proposal* which is this document.

SYSTEM ARCHITECTURE

The System Architecture is founded on the basic tenet that the complete and comprehensive set of the functional requirements identified in the User Requirements Report can not be met with a monolithic solution – either through single product, or through any prepackaged suite of “out of the box” products. Therefore we begin by examining how the foundation can be laid by focusing on the functional requirements for technology from the users’ perspective, and identifying products which have the greatest opportunity to be served with technology available today or which can be expected to be available in the near term. We have followed a “COTS Directive” -- building blocks for the MSPB’s solution should consist primarily of “Commercial Off the Shelf” software which is essentially software that has been developed by an established commercial enterprise, “packaged” for licensing to customers. We have also kept in focus the “Integrated Electronic Case File” concept identified in the *IRM Strategic Plan* as a vision for addressing the user requirements in an integrated fashion. This System Proposal defines an integrated solution for the MSPB through the selection, design, integration and implementation of a series of programs that provide the best solutions for the functional requirements critical to the MSPB, as well as offering good opportunity to connect or integrate with each other. Consistent with the “COTS Directive,” we have tried to avoid solutions that require traditional system

development consisting of custom coding. We consider this approach well suited for meeting the functional requirements of the MSPB. COTS programs designed for the requirements of legal practice will enable the MSPB to implement a plan of technology improvements suited to its users needs, at a reasonable cost and with continuing support.

The Windows 95 desktop offers sufficient flexibility and accessibility to allow users to find and use all of the applications that form part of the *System Proposal*. Many users will continue to find word processing their primary application, while others will use the case management system as their primary application. The Windows 95 desktop offers an appropriate tool for selecting and switching among applications, without making any of them the universal central application.

The products recommended in this *System Proposal* are commercial applications that can deliver the functional requirements for the MSPB. However, these applications may provide a range of functions extending beyond the core capabilities for which we recommend them and introducing an overlap of functionality. A case management system may offer document assembly and document management functions. Both Lotus Notes and the case management programs offer calendar and scheduling functions. MSPB must acquire all of these capabilities with the purchase of the program, whether or not the additional functionality is used. In certain instances, these functions can be integrated. The chief criterion for that integration would be that both programs use the same data. In other cases, the functions from one of the programs should be selected over the other.

The "Integrated Electronic Case File" concept emphasizes the MSPB's concern that its new technology solutions offer as much connection as possible between and among their programs, tools and procedures. The *System Proposal* architecture addresses this issue by recommending the acquisition, design and implementation of several major categories of programs, and identifying their connection and integration in many key respects. These connections and integrations rely primarily on the tools presently available in the programs. Where the integration tools may be lacking in the programs as shipped, custom configuration or conforming procedures may achieve important practical integration or connections in the use of the programs.

The implementation of the system architecture is through our product and solution recommendations that can only be made on the best knowledge available at the time. That knowledge includes both experience and expectations, with experience including the track record of both products and vendors in successful delivery of the capabilities that meet the functional requirements of the MSPB. Generally, we measure these by the commercially available, delivered and installed versions of products, rather than announced or pre-announced capabilities of forthcoming products or versions. We seek to give appropriate weight to future developments through several factors. These include the business success and financial strength of the vendor, so there can be reasonable assurance that the vendor will remain in business to support and develop its products. The use of industry standard "platforms" and development tools give comfort that the product will have a period of "viable" commercial life. However, the very rapid change seen in the computer industry makes it likely that the "best" recommendation at a future deployment time may differ from the ones made here and may be worthy of reexamination at the beginning of the deployment of that technology tool.

PRODUCT RECOMMENDATIONS

We have made product recommendations for each category of technology tool that together can deliver the functionality constituting the "Integrated Electronic Case File". In keeping with the COTS imperative we have focused on established commercial products that best serve the user requirements of MSPB and have a dominant presence in the market place.

The leading products in certain categories of technology tools have a balance of strengths and weaknesses make active involvement of MSPB staff in the completion of the Product selection process highly desirable. For such categories, we recommend a short list of products that should be subject to a vendor selection process with active MSPB user participation. Product selection should involve reaction by the user community to detailed product demonstrations, especially in the areas of case management and imaged case record systems. Both Case Management and Document Management categories are ubiquitous within the system architecture and merit very careful consideration before a final decision is made. The Imaged Case Records category is similarly treated since it also falls into the same realm of complexity.

Recommendations for other categories of technology tools are more straightforward due either the domination of a single product in that category or, our concurrence with the product selection previously made by MSPB. The latter refers to Microsoft Word for word-processing and Lotus Notes for electronic mail. Finally, there are a few categories such as electronic filing and submission and digital hearing record where the products are still maturing and are not yet ready for consideration as a COTS product.

Category of Technology Tool	Recommended Product(s)
Case Management	LegalEdge Inc. - The Corporate Suite Law Manager Inc. - Law Manager Mitrtech - Corporate Legal Management System ComplInfo - Corporate Law Pack
Document Assembly	HotDocs
Word Processing	Microsoft - Word 97
Document Management	PC Docs Inc. - PC Docs Netright Technologies Inc. - iManage
Research	Dataware Inc. - Knowledge Management (to be confirmed against document management research capabilities)
Remote Access	Symantec Inc. - PcAnywhere
Electronic Mail	Lotus Domino (concurrence with MSPB)
Electronic Filing, Submission and Distribution	Lotus Notes with Document Management for electronic file submission; CGI scripting for interim on-line forms; Re-evaluate on-line forms with advanced Case Management tools.
Electronic Publication	Lotus Notes (re-evaluate for in-house hosting at a future date) Microsoft - FrontPage
Imaged Case Record	Kofax Ascent Input Software/Cornerstone Snowview TMS Sequoia - View Director Prism Watermark - Web Series Viewer Kodak - Image Viewer

IMPLEMENTATION METHODOLOGY

This *System Proposal* serves as part of an overall process of that extends from system planning to implementation and training. The first phase of implementation consists of Needs Analysis, Functional Requirements Statement, and Product Identification. These activities have been accomplished in this first delivery order with the completion of the *Systems Proposal*. The following phases include Product Selection, System Design, Acquisition, Customization and Integration, Pilot Installation and Testing, Enterprise Deployment and Training.

This *System Proposal* covers the Product Identification and a portion of the Product Selection stages of the process. Product recommendations or selection should be governed by a series of criteria covering topics such as: Capability for MSPB functional requirements, Suitability for use, Underlying design, Performance, Vendor experience and capabilities, Capacity for integration as part of total solution for MSPB functional requirements, and Cost.

The Systems Proposal is based on the selection of COTS products for the major application categories. We therefore recommend the use of a pilot for initial installation, configuration, and testing. A pilot system enables the setup of a fully working system with a small user population with which functions and design thought to be understood can be verified and modifications made without affecting the production and operations capabilities of MSPB. The benefits of a pilot system are numerous with the key ones being: active user participation resulting in validating the functionality delivered by the proposed systems; early user acceptance and support if the proposed solution adequately meets the user needs; significant risk reduction of deploying an inadequate system or one that has the wrong set of features; resolution of integration issues and infrastructure readiness determination before large scale enterprise deployment; and, minimal cost risks associated with only the pilot configuration instead of an expensive enterprise deployment.

OVERVIEW OF IMPLEMENTATION SCHEDULE

The following chart depicts the overall implementation schedule for the enterprise deployment of the recommended products and services starting in October 1998 and targeted for completion early in 2001. Deployment of some categories of tools have been deliberately phased later in order to manage the extent of change at MSPB so that users can transition to the new capabilities in a gradually and effectively. When MSPB decides to deploy the various systems, we recommend that an individual deployment plan (IDP) be prepared and maintained throughout the system deployment life cycle since outcomes during individual activities could significantly affect the overall time line. The following shows a high-level implementation plan for each category of technology tool.

Task Name	Y1				Y2				Y3			
	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3
CASE MANAGEMENT												
DOCUMENT ASSEMBLY												
WORDPROCESSING												
DOCUMENT MANAGEMENT												
RESEARCH												
REMOTE ACCESS												
ELECTRONIC FILING & SUBMISSION												
ELECTRONIC PUBLICATION												
IMAGED CASE RECORDS												
DIGITAL HEARING RECORDS												
INFRASTRUCTURE UPGRADES												

COST ANALYSIS

We have performed cost analysis and documented the costs associated with delivering the products and services recommended by this System Proposal. Cost estimates were prepared for hardware that may be required to support the system, the application software, and professional services towards product selection support (where required), detailed design support, pilot installation support, enterprise deployment support and training. A five year window, starting from fiscal year 1999 through fiscal year 2003, was used to capture the full capability of phased systems implementation and to include system maintenance costs. We have also estimated the cost of providing operational support for each of the applications. This is a recurring cost commencing from the date of enterprise deployment through fiscal year 2003.

SYSTEM UPGRADE COST ESTIMATE SUMMARY					
FISCAL YEAR OUTLAY					
	FY99	FY00	FY01	FY02	FY03
CASE MANAGEMENT SYSTEM	\$929,860	\$245,752	\$252,285	\$259,013	\$265,944
DOCUMENT ASSEMBLY	\$273,715	\$28,403	\$29,085	\$29,788	\$30,512
WORD PROCESSING	\$60,100	\$0	\$0	\$0	\$0
DOCUMENT MANAGEMENT	\$427,370	\$170,012	\$174,497	\$179,116	\$183,874
RESEARCH	\$242,956	\$29,233	\$29,915	\$30,618	\$31,342
REMOTE ACCESS	\$191,120	\$45,505	\$46,871	\$48,277	\$49,725
ELECTRONIC FILING & SUBMISSION	\$0	\$116,434	\$74,747	\$76,600	\$78,510
ELECTRONIC PUBLICATION	\$0	\$106,568	\$67,415	\$69,437	\$71,520
IMAGED CASE RECORDS	\$0	\$342,973	\$691,190	\$554,078	\$570,700
INFRASTRUCTURE UPGRADES	\$0	\$831,200	\$0	\$0	\$0
TOTAL FY COST	\$2,125,121	\$1,916,079	\$1,366,004	\$1,246,929	\$1,282,128

THE CHAIRMAN



U.S. MERIT SYSTEMS PROTECTION BOARD
1120 Vermont Avenue, N.W.
Washington, D.C. 20419

February 1, 1999

The Honorable James T. Kolbe
Chairman, Subcommittee on Treasury,
Postal Service and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Enclosed is the justification for the U.S. Merit Systems Protection Board's (MSPB) appropriation for Fiscal Year 2000. The requested funding would do two important things: (1) it would allow us to remain at a current level of 250 FTE, a level necessary to handle the consistently high level of appeals, and (2) it would provide the resources needed to implement the final phase of the electronic case filing and document management systems.

We had anticipated that a decrease in case receipts would occur proportionately with the downsizing of the agency as a result of governmentwide downsizing; rather, the historic trend prevails. Furthermore, noticeably increasing complexity of cases and recent enactment of legislation that expanded MSPB's jurisdiction have complicated the trend. An internal review has indicated that the agency was operating at critical mass relative to its capability to respond to a benchmarked standard. The obvious answer, after careful evaluation of cost/benefit, was to reengineer its processes with technology.

MSPB is in the midst of its second year of developing (with the effective use of off-the-shelf software rather than expensive customization) what will become upon completion - an enterprise system. As each of the phases of the project become available for integration, pilot projects will be conducted to properly prune problem areas. Additionally, adequate education and/or training have been scheduled for all employees when the pilots are implemented agencywide. The prospect of a successful total system roll out is almost guaranteed by having the involvement of employees in the project from its inception, i.e., from the articulation of the strategies to be taken, design implications, product selection, testing through training.

The new technology not only promises to improve the capabilities of employees to respond effectively, but it will also improve customer service by providing almost simultaneous posting of decisions and enhanced economy to agencies, representatives and attorneys who will not have to leave their offices to file or view documents. However, all

The Honorable James T. Kolbe

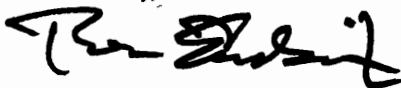
February 1, 1999

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of these improvements will fall short without the funds that are being requested to complete the system. (In this initiative we are mindful of the Government Paperwork Elimination Act that encourages the use of electronic information technologies, P.L. 105-277, 1998). During my tenure as Chairman of MSPB (since July 1993) we have reduced our staff by 23 percent. This has been accomplished through streamlining efforts and a reduction in force. With reductions in overhead and management layers, downsizing of administrative and support staff, and improved efficiency through the use of IT, we have been able to devote a greater percentage of our resources to critical case-processing functions. The requested funding for Fiscal Year 2000 is essential to enable us to continue to perform our statutory missions in a timely and qualitative manner.

I will be pleased to make myself available to you and your Subcommittee to discuss the necessity of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Erdreich", with a stylized flourish at the end.

Ben L. Erdreich
Chairman

THE CHAIRMAN



U.S. MERIT SYSTEMS PROTECTION BOARD
1120 Vermont Avenue, N.W.
Washington, D.C. 20419

February 1, 1999

The Honorable Ben Nighthorse Campbell
Chairman, Subcommittee on Treasury and
General Government
Committee on Appropriations
United States Senate
Washington, DC 20510

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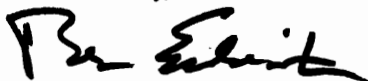
February 1, 1999

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Ben L. Erdreich
Chairman

United States

Merit Systems Protection Board

Fiscal Year 2000

Budget Justification

Submitted To The

Committees On Appropriations

February 1, 1999

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TABLE 1
SUMMARY BY BUDGET ACTIVITY
(Dollars In Thousands)

	1998		1999		2000	
Function	FTE	AMT	FTE	AMT	FTE	AMT
Adjudication	200	21,650	213	22,246	213	24,985
Merit Systems Studies	10	791	10	812	10	907
Management Support	28	2,781	27	2,747	27	3,065
Total Appropriated	238	25,222	250	25,805	250	28,957
Trust Fund Limitation	0	2,430	0	2,430	0	2,430
Total Available	238	27,652	250	28,235	250	31,387

TABLE 2 CHANGES BY BUDGET ACTIVITY 1999 TO 2000 (Dollars In Thousands)				
	Adjudication	Merit Systems Studies	Management Support	Total
Fund January 1999 and 2000 pay raises	781	29	96	906
GSA Rent Increases	281	10	35	326
Payment to NARA for storage	17	1	2	20
Technology infrastructure improvements	1,660	55	185	1,900
Total	2,739	95	318	3,152

TABLE 3

OBLIGATION BY OBJECT CLASS
(Dollars in Thousands Except Average Salary)

Object Classification	1998	1999	2000
Total number of Full Time Permanent positions	250	250	250
Full Time equivalent employment	238	250	250
Average ES Salary	122,346	125,000	125,500
Average GS/GM Grade	12.81	12.81	12.81
Average GS/GM Salary	71,524	74,814	78,854
Personnel Compensation			
Full Time Permanent	14,018	15,150	15,860
Other than FTP	1,241	1,049	1,098
Other Compensation	326	200	209
Subtotal, Personnel Compensation	15,585	16,399	17,167
Personnel Benefits	2,728	2,952	3,090
Benefits for former personnel	97	0	0
Travel & transportation of persons	410	446	446
Transportation of things	56	67	67
Rental payments to GSA	1,880	2,035	2,361
Communications, utilities, & misc. charges	593	572	572
Printing and reproduction	109	93	93
Advisory and assistance services	0	0	0
Other services	3,064	1,820	2,925
Supplies and materials	182	219	219
Equipment	518	1,202	2,017
Total appropriated	25,222	25,805	28,957
Civil Service Retirement & Disability Trust Fund Limitation	2,430	2,430	2,430
Total Available	27,652	28,235	31,387

1. APPROPRIATION LANGUAGE

General and Special Funds:

**SALARIES AND EXPENSES
(INCLUDING TRANSFER OF FUNDS)**

For necessary expenses to carry out functions of the Merit Systems Protection Board pursuant to Reorganization Plan Numbered 2 of 1978 and the Civil Service Reform Act of 1978, including services as authorized by 5 U.S.C. 3109, rental of conference rooms in the District of Columbia and elsewhere, hire of passenger motor vehicles, and direct procurement of survey printing, \$28,957,000 together with not to exceed \$2,430,000 for administrative expenses to adjudicate retirement appeals to be transferred from the Civil Service Retirement and Disability Fund in amounts determined by the Merit Systems Protection Board.

2. OVERVIEW OF REQUEST

2.1 FUNCTIONS AND ACTIVITIES

The U.S. Merit Systems Protection Board (MSPB) is an independent quasi-judicial agency established to protect the integrity of Federal merit systems against partisan political and other prohibited personnel practices and to ensure adequate protection for employees against abuses by agency management. This responsibility is carried out principally by, among other things:

- Adjudicating employee appeals of personnel actions such as removals, suspensions, furloughs, and demotions;
- Adjudicating actions brought by the Special Counsel;
- Adjudicating actions brought under the Whistleblower Protection Act, USERRA, and the Veterans Employment Opportunities Act;
- Ordering compliance with final orders where appropriate;
- Conducting special studies of Federal merit systems to determine whether they are free from prohibited personnel practices; and
- Reviewing regulations issued by OPM to ensure they do not require or result in the commission of a prohibited personnel practice.

2.2 FISCAL 2000 APPROPRIATION REQUEST

Our request is for \$28,957,000 in appropriated funds and a \$2,430,000 limitation on reimbursements from the Civil Service Retirement and Disability Fund. This is \$3,152,000 over the fiscal 1999 appropriation with no change in the reimbursement limitation. The additional funds are needed, in part, for built-in cost increases that MSPB will be required to pay in 2000. These include \$906,000 for the costs of the January 1999 and January 2000 pay raises, \$326,000 for GSA rent increases to reflect greater investments in security and a tighter real estate market, and \$20,000 to pay the cost for storage of our records at the National Archives and Records Administration. It also includes an increase of \$1,900,000 to continue implementation of the integrated electronic case file system as well as other related technological improvements.

Our request is \$1,371,000 more than the OMB passback. OMB expressed strong support for the integrated electronic case system, but was only able to approve \$529,000 of the \$1,900,000 needed in fiscal 2000. The electronic case file system, which is based on commercial off the shelf software, is being developed with the assistance of outside experts. The system consists of seven different components -- case management,

document management, word processing, research, electronic filing, electronic publishing, and imaged case records plus updated hardware. It is being carefully implemented step-by-step, to achieve significant efficiencies during fiscal 2000 and subsequent years. The funding approved by OMB will allow completion of only a portion of the total system. Four systems -- case management, document management, word processing, and research, will be implemented in FY 1999. We will not be able to implement, the electronic filing, electronic publishing, or imaged case records systems nor secure the hardware necessary to allow the system to operate at its full capacity. If we are only able to implement the portions funded by OMB in Fiscal Year 2000, much of the efficiencies of the system will be reduced or delayed since these three new systems planned for implementation in 2000 are the heart of the ADP improvement plan which envisions enabling MSPB to significantly reduce the amount of paper records and transactions thereby saving both money and time for MSPB and its clients. For this reason we are asking for sufficient funding to implement the entire integrated system as part of a coordinated five year plan covering 1999 through 2003. To proceed in a more piecemeal way would diminish the efficiencies that are being planned.

The electronic case file system will allow us to continue to achieve the dramatic productivity improvements that are necessary to cope with both the number of appeals we are receiving and their increasing complexity. Recently Government Technology Leadership Awards were given to the Food and Drug Administration and the Customs Service, among others, for developing and implementing programs to allow the public to submit necessary information electronically. Not only does this result in quicker filing, but with automated edit checks, the information is much more accurate and agencies may respond to the public requests more quickly. These are some of the benefits MSPB expects to achieve with the electronic case file system.

We have, over the past several years, taken numerous steps to increase our productivity and accumulate resources necessary to move toward our goal of an electronic case file. This includes the use of some Legal Clerks rather than Administrative Judges to reduce salary costs and the use of video conferencing to reduce travel and hearing costs as well as save time for AJ's thereby making them more productive. We have also begun issuing bench decisions to reduce the time needed to issue an initial decision and also to make our AJ's more productive. In addition, we conducted a headquarters RIF in Fiscal 1998 to reduce overhead costs, which has allowed us to devoted more resources to adjudication and technological improvements. Our successful use of video conferencing, in hearings to save time and money was recognized in Fiscal 1998 by our receipt of the Vice President's Hammer Award.

We are continually working on ways to reduce the resources spent on administration and overhead and to accomplish more with less through the use of automation technologies that have become available in the last few years. For example, we are implementing a new electronic time and attendance system which reduces the processing time needed for both those who report their time and those who review the reports. Requests to the procurement staff for purchases are now made almost entirely by e-mail, which saves time and paper. We are also implementing electronic funds transfer systems, to get payments

to vendors more efficiently and more securely. We have greatly expanded our use of purchase credit cards and are the first non-USDA agency to use both convenience checks and their automated Purchase Card Management System. This system provides on-line access to all purchase card information and allows accounting information to be electronically input into our accounting records so that the purchases can be easily and efficiently recorded and tracked. We are also taking advantage of the increasing availability of electronic commerce offered by both GSA and private vendors. These new systems significantly reduce the need for the traditional paper-intensive purchase order system which is much more expensive both in dollars and in employee effort.

In fiscal 1998, we further reduced our administrative costs by entering into a cross servicing agreement with the Animal and Plant Health Inspection Service of the United States Department of Agriculture to provide a full range of Human Resources service to MSPB. This has allowed us to reduce Human Resources staffing from a maximum of 14 employees in FY 1992 to 1, at a savings of about \$1 million annually.

We are also working with the U.S. Court of Appeals for the Federal Circuit on a pilot project to disseminate case materials electronically. Building on the pilot project we will continue working on the upgrading of our case management system including document processing and implementation of an integrated electronic case file system. We are considering including in the electronic filing system MSPB initial appeals, petitions for review, and other adjudicatory matters such as complaints of prohibited personnel practices filed by the Office of the Special Counsel; electronic receipt and distribution of case documents between MSPB and the parties to the case; electronic storage of case documents; and maintenance of statistical information that is now provided by the Case Management System. This will move us toward less dependence on paper files and more use of electronic filing and distribution of case documents. We expect that this program will provide better accessibility for our customers, enhanced flexibility in our work, and significant increases in our efficiency and productivity.

Because agencies and individuals spend substantial time and money in adjudicating appeals that are brought before MSPB, we are planning pilot projects to assist agencies/employees in resolving disputes at the agency level prior to reaching an appeal stage. We have expanded our efforts in alternative dispute resolution (ADR) in support of the ADR Working Group established by the President's May 1, 1998, Executive Order. We are also working with Cornell University which is developing a course to train Certified Appeals Resolution Counselors for MSPB cases.

There are also several other examples of administrative savings we have achieved through greater use of technology over the last few years. Vacancy announcements are sent to employees electronically and posted on the Office of Personnel Management's governmentwide listing, thereby getting the information to many more people while reducing the cost. The property management system is highly automated, saving significant staff time and effort in maintaining records as we add, more, or disposed of property. We also have an automated security system that allows staff to move throughout our work area with a high assurance of security. We are working with the

Government Printing Office (GPO) to increase the automation of their billing process to allow MSPB, GPO, and the vendors to accomplish more with less. Our library is renewing more subscriptions using CD's which saves space and allows more users when we are able to put the CD's on Local Area Networks. We are working with the National Finance Center on a project to produce our monthly financial reports on CD's which will save on both printing and storage costs.

Our studies program is taking advantage of the expanding Internet capabilities by posting reports on the MSPB Web page that can easily be downloaded. The staff sends reports electronically to a mailing list of organizations and individuals who have expressed an interest in getting the regular reports. They use these groups for quick surveys of subjects of interest to the Congress and public. They are conducting more of their basic research on the Internet which is replacing the time consuming searches through books and periodicals for information.

Since 1993 we have reduced our staff from 323 to 250 (23 percent) through attrition, buyouts, and, in October 1997, a reduction in force. The streamlining and downsizing process has allowed us to accommodate the funding level over the last few years while preserving sufficient funds to adjudicate the appeals we receive and continue our ADP improvement program. We have also taken a number of actions to improve our overall effectiveness and efficiency through the installation of Local and Wide area networks agencywide, installation of Lotus Notes for enhanced e-mail capability, and deployment of an Internet web page which provides general information and copies of research reports to the public. During Fiscal 1998 it received more than 210,000 hits.

Our request assumes that our workload will be about equal to the 1994-98 five year average during 1999 and 2000.

3. EXPLANATION BY BUDGET ACTIVITY

3.1 ADJUDICATION

The bulk of the Board's resources go to processing our appellate workload; 217 FTE or 87 percent of the 250 FTE estimated for 1999 and 2000 will be used for adjudication. In each of the next two years the staff will process approximately 9,000 initial appeals in our 10 regional and field offices; and approximately 1,800 second level appeals will be adjudicated at headquarters by the three-member Board. Also, MSPB will be represented by the General Counsel's office in litigation before the U.S. Court of Appeals for the Federal Circuit and other courts. Our decisions continue to receive a very high approval rating from the courts. In 1998, for example, the Federal Circuit left unchanged 92 percent of the cases that they reviewed. Generally, we expect that the continuing efforts to reduce the size of the Federal Government and its work force, and the new legislation recently passed by Congress, will maintain our workload at about the 1994-98 five year average of 9,000 receipts per year.

We have experienced a 37 percent increase in the average case processing time for initial appeals from 79 days to 108 days since 1993. The main reason for this is that many more appellants and their attorneys are raising not just the allegation of a wrongful removal or suspension, but also add claims of disability, sex, race and/or age discrimination, FMLA issues, claims of reprisal for whistleblowing, USERRA rights, etc. All of these issues must be addressed, which lengthens hearings and makes decisions more complicated and time consuming to write. MSPB needs the resources requested so that the adjudication staff can be maintained, and technological improvements can be implemented that will facilitate processing and avoid escalation of costs to the Government as a whole.

The Board's case workload continues to be determined by factors beyond our control, principally the number of appealable actions taken by federal agencies and legislative changes that expand our jurisdiction. Because we cannot know in advance what legislation will be enacted, or the final form enacted legislation will take, it is difficult to project our workload for future fiscal years precisely.

During its last session Congress enacted two new laws that have the potential for greatly increasing the Board's caseload. Under the Veterans Employment Opportunities Act of 1998, a preference eligible may file an appeal with MSPB based on a violation of any law or regulation relating to veterans' preference, after filing a complaint with the Department of Labor and allowing DOL 60 days to try to resolve the matter. MSPB estimates that this legislation will result in about 1,000 additional appeals being filed. In addition, the Veterans Programs Enhancement Act of 1998 included a number of amendments to the Uniformed Services Employment and Reemployment Rights Act (USERRA), including one extending the Board's jurisdiction to cover claims of violations that occurred before October 13, 1994, the enactment date of USERRA. The Presidential and Executive Office Accountability Act of 1996 extended the Board's jurisdiction to include some 7 civil rights and labor laws now applied to approximately 1,700 employees in the Executive Office of the President. All of the provisions of the law are now in effect.

Tables 4 and 5 show the appellate workload trends over a period of seven years. Actual figures are shown for fiscal years 1993 through 1998 and estimated figures for subsequent years.

3.2 MERIT SYSTEMS STUDIES AND OPM OVERSIGHT

MSPB is required by statute to conduct studies of the civil service and other merit systems in the Executive Branch and to submit reports of those studies to the President and the Congress. These reports are also made available to a wide audience of Federal agency officials, employee groups, academicians, and others with an interest in Federal human resources management (HRM). Reports and other publications are available in both printed format and electronically via several Internet sources so that each publication reaches many thousands of individuals. By carrying out these responsibilities, we serve as a strong, neutral, independent, non-partisan evaluator of the civil service system and play an important role in protecting the public interest in a well qualified, motivated, and productive Federal workforce.

Our studies provide Federal policy makers and our customers with governmentwide trend data on major concerns. For example, MSPB reviews have assessed and reported on changes in OPM since 1980. The report of our most recent review-- "Civil Service Evaluation: The Evolving Role of the U.S. Office of Personnel Management"--was the fifth review of this particular core mission activity since the agency was created. The results served as the impetus for some significant improvement initiatives and the report was embraced by and widely shared within OPM--with individual copies requested for all staff associated with the function. On a different front, the Vice President's National Partnership for Reinventing Government (NPR) surveyed over 34,000 Federal employees governmentwide during 1998 on how well they think their agencies are doing on a number of key performance indicators linked to reinvention initiatives. The survey was motivated by and used a number of questions from prior MSPB research in order to use MSPB data as a benchmark. The results of the survey, conducted in partnership with MSPB, OPM, and the FAA, are being used as the basis for a number of wide-ranging management initiatives at the direction of the Vice President and his staff.

Over the years, MSPB studies have reported on specific issues of interest to Congress and the Executive Branch. These have included changes in Federal workforce quality; diversity initiatives; sexual harassment; and reprisals against whistleblowers. The Board's ground-breaking research tracking federal employee experiences with sexual harassment resulted in three widely referenced reports issued in 1981, 1988, and 1995. The results of these studies are now widely used internationally in both the public and private sectors to inform the debate surrounding this sensitive topic. In addition, the Board's research formed the basis for an in-depth 1996 study at the Department of Justice that was requested by the Attorney General. In like manner, a Board report "The Changing Federal Workplace: Employee Perspectives," issued in March 1998, is an update of a broad-based governmentwide survey conducted every three years since 1981. In addition to tracking a number of core civil service issues, new items are periodically added on issues such as the impact of "reinvention" on Federal HRM and the merit system. The next iteration of this particular governmentwide survey is planned for calendar 1999.

Other more recent reports of significance are "Achieving a Representative Federal Workforce: Addressing the Barriers to Hispanic Representation" and "Adherence to the Merit Principles in the Workplace: Federal Employees' Views." Both reports assess how well the executive branch is achieving some of the objectives established in the Civil Service Reform Act of 1978. FY 1998 also saw the first report resulting from a new approach to the development of an MSPB study. That report, "Federal Supervisors and Strategic Human Resources Management," explores and supports the premise that many of the problems that supervisors face in fulfilling their human resources management responsibilities spring from an organizational orientation towards short term accomplishments as opposed to long term goals. The report derives its conclusions from MSPB's research on Federal supervisors reaching back 17 years. A similar report approach on the issue of Federal performance management is being prepared for publication in calendar 1999.

In 1996 we created a periodic, 6-page "Issues of Merit" newsletter for key congressional and executive branch staff. This method of disseminating important information quickly and concisely has proven valuable to our external customers. In like manner, MSPB's increased use of the Internet to improve the speed of dissemination and the general availability of useful information drawn from the Board's research has been effective. Both efforts will continue into FY 2000 and beyond.

In summary, MSPB's FY 1999-2000 studies agenda will focus on key issues such as: 1) The role of OPM 20 years after its creation in an environment of HRM delegation and decentralization; 2) the efficacy of delegated examining units in making merit-based selections of new employees; 3) the operation of the various merit promotion programs throughout the executive branch; 4) the effectiveness of the Career Transition Assistance Program for displaced employees; 5) an overview of MSPB's research over the years on Federal performance management with an emphasis on whether Federal employees "who cannot or will not improve their performance to meet required standards" are being removed; and 6) whether the heavy use of an "outstanding scholar" appointment authority authorized under a 17 year old consent decree (allowing hiring of college graduates with grade point averages of 3.5 or better without formal competition) conflicts with the statutory requirement for merit-based recruitment and selection.

This function is estimated to use approximately 10 FTE, or 4 percent of the 250 estimated for 1999 and 2000.

3.3 MANAGEMENT SUPPORT

We expect to devote approximately 74 percent of our budget to personnel compensation in Fiscal 2000. An additional 11 percent will go for rent, utility, and maintenance costs, while another 3 percent will provide for direct case processing costs, e.g., travel, court reporting, and legal research. This leaves little flexibility to adapt to uncontrollable changes in workload or for other activities such as employee training, printing, and equipment.

In early Fiscal 1998, in order to provide some degree of flexibility for management and to maintain resources in our adjudicatory function, we conducted a RIF in our Headquarters administrative and overhead functions. Then, during the latter part of Fiscal 1998, as part of these continuing efforts to reduce our spending on administration support functions, we signed an agreement with the Department of Agriculture's Animal and Plant Health Inspection Service in Minneapolis, Minnesota, to provide human resources management support. This agreement, which became effective in September 1998, is producing significant savings, which will provide us with additional flexibility in seeking to maintain resources in our adjudication function and in support of our technological improvement efforts. With the availability of e-mail, faxes, and video conferencing equipment, the entire agency will be able to stay in close contact with their staff in Minneapolis.

This function, which is estimated to use 23 FTE, or 9 percent of the 250 estimate in 1999 and 2000, provides the necessary management support for information resources

management, human resources management, budget, finance, procurement, equal opportunity, and travel, space and property management.

Consulting services for fiscal 2000 relate to our plan to apply technology to our appeals process. Support will be utilized judiciously and only when internal expertise is not available. We believe such an investment will help ensure that the finished process is cost-effective.

Funds are carefully monitored throughout the fiscal year. Reviews are conducted by the Director of Financial and Administrative Management. If all the 2000 funds are not obligated, we may carry some over to 2001.

TABLE 4
DECISIONS PER ADMINISTRATIVE JUDGE

Fiscal Year	No. of AJs	Cases Received	Average	Decisions Issued	Average
1992	61	8,461	139	8,371	137
1993	69	7,844	114	7,811	113
1994	69	9,965	144	8,552	124
1995	69	9,978	145	10,888	158
1996	69	8,876	129	8,925	129
1997	68	8,721	128	8,314	122
1998	72	7,752	108	8,442	117
1999	72	9,000	125	9,000	125
2000	72	9,000	125	9,000	125

This table shows the number of receipts of and decisions on initial appeals, stay requests, and addendum cases per administrative judge (AJ). Data for 1999 and 2000 are projections. The number of AJ's is the number on board as of March each year.

TABLE 5
CASES DECIDED

Fiscal Year	Regional Decisions	Settlements (IA's only)	Hearings (IA's only)	Headquarters Decisions
1992	8,371	50%	18%	1,910
1993	7,811	51%	18%	1,613
1994	8,552	49%	18%	2,106
1995	10,888	47%	12%	2,275
1996	8,925	52%	15%	1,375
1997	8,314	50%	16%	1,840
1998	8,442	54%	18%	1,934
1999	9,000	50%	18%	1,800
2000	9,000	50%	18%	1,800

The first and last columns of this table show the number of regional and headquarters decisions. The second column shows the percentage of cases (based on initial appeals that were not dismissed) that were settled. The third column shows the percentage of cases (based on total initial appeals) that required a hearing.

4. SUMMARY OF THE 2000 REQUEST

TABLE 6	
SUMMARY OF REQUEST	
Funds Requested	
28,957,000	Appropriated funds
2,430,000	Limitation on Trust Fund reimbursements
31,387,000	Total
Changes from 1999	
906,000	Fund the January 1999 and January 2000 pay raises
326,000	Increase in rental payment to GSA.
20,000	New payment to the National Archives and Records Administration for temporary storage of records.
1,900,000	Partially fund the FY2000 portion of the five year Information Technology Plan

5. FY 2000 PERFORMANCE PLAN

5.1 MISSION

The Merit Systems Protection Board is an independent quasi-judicial Federal agency created by the Civil Service Reform Act of 1978. Its statutory mission is to protect the merit-based civil service system through fair adjudication and effective studies and oversight reviews.

The MSPB accomplishes its mission through an independent three-member board. The MSPB is responsible for:

- Adjudicating appeals which arise under Federal civil service laws and other related laws;
- Adjudicating cases brought by the Special Counsel involving alleged abuses of the merit systems, and other cases arising under the MSPB's original jurisdiction;
- Conducting studies of the Federal civil service to determine whether the public interest in a civil service free of prohibited personnel practices is being adequately protected; and
- Reviewing rules and regulations of OPM to determine if a regulation on its face, or any agency's policy in conformity with the regulation, requires an employee to commit a prohibited personnel practice.

5.2 OUTCOMES

In order to ensure that merit principles are protected, the intended results (outcomes) of MSPB's efforts are to increase assurances through the adjudicatory process and special studies that agencies comply with civil service laws.

5.3 GOALS

Protect and promote merit system principles in Federal personnel activities through:

1. Fair, timely, and efficient dispute resolution.
2. Timely and relevant review of Federal human resource management systems, programs, policies, and initiatives.

5.4 RESOURCES NEEDED TO MEET THE PERFORMANCE GOALS

The resources required to accomplish the performance goals listed in this plan consist of administrative judges, attorneys, researchers, support staff, and technological support such as electronic legal research capability, electronic mail, electronic case processing capability, a case management system, and video conferencing capabilities. In addition, funds are needed for travel to hearings and for court reporting services. This will allow for the efficient, timely, processing of appeals filed with the agency.

5.5 MEANS TO BE USED TO VERIFY AND VALIDATE THE PERFORMANCE MEASURES

The majority of the performance measures will be obtained from data collected by the case management system and the agency's financial records. Other measures will be based on information survey results received from our customers and a review of the literature on Federal civil service issues.

6. GOALS**6.1 DISPUTE RESOLUTION**

Protect and promote the Federal merit systems through fair, timely, and efficient dispute resolution.

6.1.1 Objectives

1. Issue initial decisions within 120 days and decisions on petitions for review within 110 days.
2. Maintain the amount of resources devoted to resolving disputes as low as possible.
3. Pursue resolving disputes at the lowest level.

6.1.2 Performance Measures**Indicator 1.**

<i>Average Case Processing Time For Initial Decisions</i>							
Year	1994	1995	1996	1997	1998	1999	2000
Days	81	96	94	108	108	105	95

Indicator 2.

<i>Average Case Processing Time For Petitions For Review</i>							
Year	1994	1995	1996	1997	1998	1999	2000
Days	161	96	121	183	205	190	150

Indicator 3.

<i>Average Processing Cost</i>							
Year	1994	1995	1996	1997	1998	1999	2000
Dollars	\$2,334	\$1,884	\$2,510	\$2,494	\$2,586	\$2,650	\$2,850

Indicator 4

<i>Increased awareness and utilization by agencies of ADR process to settle potential appeals before they are filed with MSPB.</i>							
--	--	--	--	--	--	--	--

- We will facilitate the training of agency employees in using ADR processes to settle potential appeals to MSPB before they are filed.
- We will work with selected agencies to assist them to implement an ADR program that will attempt to settle selected potential appeals before they are filed with MSPB.
- We will receive feedback from agencies on their experiences with using ADR process to settle potential appeals to MSPB.

6.1.3 Program Evaluation

1. Data maintained in our financial and case management systems will allow us to establish a baseline and provide the information needed to consistently monitor progress.
2. Periodic customer surveys and focus groups.

6.2 REPORTS AND STUDIES

Protect and promote the Federal merit systems through timely and relevant review of Federal human resource management systems, programs, policies, and initiatives.

6.2.1 Objectives

1. Determine whether OPM and agency human resource management policies and practices are in compliance with the merit principles and conducive to the health of the merit system, and that our stakeholders (particularly the President, Congress, and executive branch policy officials) are aware of those findings.
2. Maximize the constructive impact of MSPB's oversight and analysis and avoid any unnecessary duplication of effort with other oversight organizations (particularly the General Accounting Office (GAO) and the Office of Personnel Management (OPM)).

6.2.2 Performance Measures

Indicator 1.

MSPB reports and studies examine relevant programs, policies and practices in order to evaluate Federal agencies' compliance with the merit principles.

We expect that each OPE publication (e.g., study reports, articles in the "Issues of Merit") as well as articles by OPE staff in the professional literature outside the Board, will either:

1. Identify issues of concern and problems with the merit system which compromise the integrity of that system, and/or
2. Contain data, analyses, and/or recommendations relevant to maintaining an effective merit-based human resources management system.

In fiscal 2000, we expect to publish a report of a major oversight study of OPM, the central personnel agency, and several reports on other major studies, as well as four editions of our "Issues of Merit."

Indicator 2.

Federal policy makers and others find information derived from MSPB evaluation efforts useful.

Feedback received from surveys of our primary stakeholders will show that at least 80 percent of them believe: we have appropriately focused our evaluation efforts on areas of

greatest concern to the merit systems; the findings we report are supported by the data we present; our data are well analyzed; and our recommendations are relevant and logical.

Indicator 3.

Federal policy makers and others find MSPB recommendations to be relevant and useful when making policy decisions.

Data received from periodic assessments of the impact and results achieved from our evaluation efforts, along with feedback received through surveys and focus groups of Federal policy makers, will show that those who are responsible for making (or influencing the making of) Federal policy decisions have considered our recommendations germane to the issue at hand when those decisions were made and specific examples will be available to illustrate this point.

Indicator 4.

Evaluation efforts provide a unique perspective which has not otherwise been provided by oversight organizations such as GAO or OPM.

Periodic assessments of our evaluation efforts will show that either there is no undue overlap with GAO or OPM's work in the subject matter covered, or that MSPB provided new and unique data and analysis relevant to the subject matter covered.

6.2.3 Program Evaluation

1. Periodic assessments of the impact and results achieved from the information, analyses, and recommendations derived from the studies and oversight function.
2. Periodic customer surveys and focus groups.

U. S. OFFICE OF GOVERNMENT ETHICS



Fiscal Year 2000 Explanatory Notes

**Prepared for the
Committee on Appropriations**

February 1999



United States

Office of Government Ethics

1201 New York Avenue, NW, Suite 500

Washington, DC 20005-3917

February 2, 1999

The Honorable Ted Stevens
Chairman
Committee on Appropriations
United States Senate
The Capitol, Room S-128
Washington, DC 20510-6025

The Honorable C.W. Bill Young
Chairman
Committee on Appropriations
United States House of Representatives
The Capitol, Room H-218
Washington, DC 20515-6015

Dear Mr. Chairmen:

I am pleased to transmit to you the Explanatory Notes of the Office of Government Ethics for FY 2000. The Explanatory Notes reflect funding of \$9,114,000, and 84 staff years, as set forth in the President's budget.

With this level of resources, we believe that we can continue to fulfill our responsibilities under the Ethics in Government Act as well as other statutes and meet the goals outlined in our Strategic Plan.

Copies of this submission as well as our Annual Performance Plan are being transmitted to the Committee on the Judiciary and the Committee on Government Reform and Oversight of the House of Representatives and the Committee on Governmental Affairs of the Senate. In addition we are furnishing copies to the Senate Subcommittee on Treasury and General Government and the House Subcommittee on Treasury, Postal Service and General Government.

If I can provide you with any further information on this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stephen D. Potts".
Stephen D. Potts
Director

The Honorable Ted Stevens
The Honorable C.W. Bill Young
Page 2

cc(w/Encl.): The Honorable Henry J. Hyde
 Chairman
 Committee on Judiciary
 United States House of Representatives
 2138 Rayburn House Office Building
 Washington, DC 20515-6216

 The Honorable Dan Burton
 Chairman
 Committee on Government Reform and Oversight
 United States House of Representatives
 2157 Rayburn House Office Building
 Washington, DC 20515-6143

 The Honorable Fred Thompson
 Chairman
 Committee on Governmental Affairs
 United States Senate
 340 Dirksen Senate Building
 Washington, DC 20510-6250

1203

OFFICE OF GOVERNMENT ETHICS
RESOURCES BY UNIT
(dollars in thousands)

OFFICE	1998		1999		2000	
	OBLIGATIONS		APPROPRIATION		REQUEST	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
DIRECTOR	5	\$879	5	\$899	5	\$948
GENERAL COUNSEL AND LEGAL POLICY	20	\$2,226	22	\$2,328	22	\$2,475
ADMINISTRATION	13	\$1,187	15	\$1,258	15	\$1,360
AGENCY PROGRAMS	26	\$2,378	26	\$2,497	26	\$2,675
Education and Program Services Division	16	\$1,314	16	\$1,510	16	\$1,656
Direct Obligations		\$7,984		\$8,492		\$9,114
Reimbursable Obligations		107		125		125
TOTAL	80	\$8,091	84	\$8,617	84	\$9,239

OFFICE OF GOVERNMENT ETHICS

Fiscal Year 1998 Accomplishments

Office of the Director

- Managed the increasing level of OGE's Congressional relations requirements including drafting testimony and responding to Congressional requests
- Continued to manage OGE's response to requests for review by OMB of legislative proposals and testimony
- Coordinated the refinements to the strategic plan as necessary pursuant to GPRA
- Supported and coordinated the Director's program of outreach to the public, private sector organizations and other governments
- Drafted and submitted to Congress OGE's Fifth Biennial Report
- Began the process to secure OGE reauthorization by October 1, 1999
- Coordinated and supported the Director's activities in his role as a member of the President's Council on Integrity and Efficiency

Office of General Counsel and Legal Policy

- Processed an increase in Presidential appointee public financial disclosure reports required for Senate confirmation
- Assisted agencies in providing post employment counseling, including guidance on the President's ethics pledge, to persons leaving the Government
- Supported the Office of the Director's Congressional relations requirements including drafting testimony and responding to Congressional requests, and reviewing legislative proposals and testimony
- Assisted the OPM with special orientation seminars for an expected increased number of incoming Presidential appointees, new Schedule C's and noncareer SES
- Met the expected increased requests for Certificates of Divestiture, as well as for services in support of the blind trust program
- Provided oral and written guidance and interpretations of the executive branch standards of ethical conduct

- Issued oral and written interpretive opinions on sections 202 through 209 of title 18, United States Code, and on other statutory provisions related to conflicts of interest and ethics
- Provided legal services for OGE as an agency
- Worked as liaison with the Department of Justice on the increasing number of litigation matters in which OGE is a party
- Functioned as the liaison with the Office of Legal Counsel and the Criminal and Civil Divisions of the Department of Justice in coordinating advice, regulations and referrals
- Assisted the Office of Director in preparing OGE's fifth biennial report
- Assisted the Office of Agency Programs in reviewing and developing ethics training materials, including video scripts, computer based training, and pamphlets, and providing legal review of materials used in training
- Developed and offered with the assistance of the Office of Agency Programs specialized single statute or issue seminars targeted for ethics officials who provide legal advice
- Supported OGE speaking/training and outreach programs by providing speakers and presenters
- Provided support to the Education and Program Services Division to include working with desk officers to address complex questions concerning conflicts of interest and ethics statutes and regulations
- Provided support to the Program Review Division by assisting with developing appropriate areas of inquiry prior to that agency's review, assisting with the review and the advice to be provided to that agency and advising on appropriate areas of inquiry for single issue audits
- Issued proposed regulations updating and clarifying various provisions of the Standards of Ethical Conduct, 5 C.F.R. part 2635
- Helped agencies develop and issue interim and final regulations supplementing the Standards of Conduct
- Supported OGE's public information requirements including answering necessary press inquiries
- Supported the OGE Records Management System by maintaining the majority of OGE's substantive program records

- Handled administrative responsibilities, including reports and requests under FOIA and the Privacy Act, forms clearance and liaison with OMB, GSA and Federal Register
- Made recommendations to the White House, OMB and the Department of Justice for proposed amendments, if warranted, to the financial disclosure programs required by OGE regulation, Executive Order 12674, the standards of conduct regulations, and the criminal conflicts of interest statutes
- Handled administrative responsibilities, including reports and requests under FOIA and the Privacy Act, forms clearance and liaison with OMB, GSA and Federal Register
- Continued to provide conflict of interest and financial disclosure advice to Independent Counsels and their staffs
- Advised the Director, when necessary, on individual corrective actions required to be addressed by OGE, including assisting the Director with any recommendations to the head of an agency or the President
- Supported the Director's activities in his role as a member of the President's Council on Integrity and Efficiency

Office of Agency Programs

- Monitored the ethics agreements of approximately 100 presidential appointees concerning their financial interests and ensured that such agreements were completed within 90 days of confirmation
- Tracked, collected, reviewed and certified approximately 1,000 annual and termination financial disclosure statements of presidential appointees confirmed by the Senate
- Assisted in the review and certification of financial disclosure statements of presidential nominees prior to their Senate confirmation hearings
- Released over 450 financial disclosure statements to the news media and the public
- Tracked, collected, analyzed and made available to the public, the semiannual reports from 120 departments and agencies of travel payments accepted under 31 U.S.C. § 1353 from nongovernment sources

- Conducted ethics program evaluations in 53 Federal agencies, regional offices, and military bases, focusing OGE's legal, educational and program assistance resources in assisting the agencies in the development of better ethics systems and the resolution of outstanding ethics issues
- Conducted six-month follow-up reviews in all agencies in which recommendations were made to improve the ethics program during the initial program review
- Continued to program single-issue reviews and surveys Government-wide of major ethics issues to determine whether OGE and agency ethics policies are effectively meeting intended objectives
- Responded to agency requests for administrative waivers, exemptions and extensions relating to the public financial disclosure system
- Initiated a regional development program to provide services to ethics officials in two Federal regions, including seminars, conferences, and technical assistance

Education and Program Services Division

- Maintained a desk officer system to monitor and assist all executive branch agency ethics staffs on a daily basis
- Responded to telephone requests from agency ethics officials for assistance on all types of ethics issues
- Held seminars with small groups of agency ethics officials to discuss current ethics issues
- Developed and conducted ethics training workshops for ethics practitioners, trainers, counselors, disclosure reviewers and enforcement officials in Washington, DC and Federal Regions
- Developed and conducted annual ethics training for micro-agency employees
- Developed multimedia and computer-based-training modules for use by all executive branch departments and agencies in meeting the annual ethics training requirement, especially for employees in remote locations
- Produced, updated and maintained the ethics CD ROM and provided assistance to the Office of Information Resources Management in the maintenance of OGE's Web site
- Continued to modify, design and test courses developed based on the results of the annual needs analysis

- Initiated a new needs analysis to identify the changing ethics training needs of the ethics community in meeting their ethics program goals, with reduced resources
- Planned, organized, supported and hosted the Eighth Annual Government Ethics Conference for approximately 450 ethics practitioners
- Developed, edited, and published the Government Ethics Newsgram
- Received, reviewed, and analyzed the Annual Agency Ethics Program Questionnaire required by the Ethics in Government Act of 1978, as amended
- Continued to conduct a quarterly introductory training sessions for newly appointed ethics officials
- Continued to design and produce easy-to-use reference materials for ethics counselors
- Assisted agencies in conducting annual ethics training when their good faith efforts to complete the requirement have been unsuccessful
- Developed surveys to assess customer satisfaction with OGE services and products
- Researched the feasibility of teleconferencing selected sessions from the annual Government Ethics Conference for ethics officials unable to attend
- Supported the Director's program of outreach to the public, private sector organizations and other governments

Office of Administration

- Disseminated information and provided individual assistance to employees eligible to transfer to FERS during the open season which began July 1, 1998.
- Expanded the delegation of authority for micro-purchases to selected Agency personnel to pay applicable registration/tuition fees for employee training using the government-wide commercial credit card
- Completed an internal evaluation review of OGE's Personnel function for compliance with OPM regulations in the areas of staffing, position classification, performance management, incentive awards, and employee training, and initiated corrective action on discrepancies noted

- Initiated an action plan to implement the U.S. Department of Agriculture's Purchase Card Management System which will allow purchase card holders to manage the accounting and reconciliation of their payment transactions in a more highly automated and timely manner
- Conducted an assessment of OGE's office space holdings to determine if the existing space is adequate to the long range projected needs of the Agency and submitted a Request for Space to GSA to negotiate a new lease for the space OGE presently occupies at 1201 New York Avenue which expires in April 1999
- Fulfilled OGE's commitment to the Welfare-to-Work initiative with the hiring of a welfare recipient to fill a position under the Worker-Trainee Program in the Office of Administration
- Initiated action to effect the transfer to schools and community-based educational organizations--through the Computers for Education Program Web Site--surplus personal computers that were declared excess as a result of an agency-wide initiative to enhance OGE's information technology systems
- Met with contractor representatives and evaluated contractor presentation packages as part of the process of identifying who would best meet the travel and purchase card needs of OGE under the GSA SmartPay Program
- Implemented relevant provisions of the Fair Credit Reporting Reform Act of 1996 which requires that employees subject to personnel security investigations be provided a notice that credit information gathered as a result of such investigations may be used for employment purposes and that they provide written authorization before a consumer report may be obtained
- Produced in-house desktop published ethics training and conference materials, brochures, flyers, pamphlets, posters, the OGE Newsgram, and ethics and administrative forms
- Began the transfer of responsibility for the development and publication of The Ethics CD-ROM to the Education and Program Services Division
- Planned and evaluated the development of government-wide database applications to be used by departments and agencies to electronically transmit ethics related information to OGE

- Continued the development of a stand alone personal computer software program that will allow executive branch employees to complete and print their SF 278, Public Financial Disclosure Form, and with the program's built in edits, significantly reduce the disclosure form review time normally required by agency ethics officials
- Developed enhancements and additional information services on OGE's Internet World Wide Web Page, including the addition of on-line search capability for OGE opinions
- Provided telephone support to executive agencies and employees using the SF 450, Confidential Financial Disclosure Form software developed and distributed by OGE
- Developed additional electronic ethics forms for use by departments and agencies
- Provided new and upgraded software applications training to each OGE staff member
- Developed and received approval for OGE's first Records Management Directive
- Transferred the first of OGE's permanent records to the National Archives
- Transferred the first accessions of OGE temporary records to the Washington National Records Center
- Conducted OGE's first internal records management evaluation and submitted results to NARA
- Conducted OGE-wide policy training in Internet use, E-mail use, and the handling of records, non-records, and personal papers
- Developed and conducted training for all OGE staff on the Internet and the usefulness of the World Wide Web
- Developed and presented a Records Management training session at OGE's annual ethics conference on the proper disposition of ethics records

OFFICE OF GOVERNMENT ETHICS

Fiscal Year 1999 Appropriation Level

Office of the Director

- Manage the increasing level of OGE's Congressional relations requirements including drafting testimony and responding to Congressional requests
- Manage the process that will secure OGE reauthorization by October 1, 1999
- Continue to coordinate OGE's response to requests for review by OMB of legislative proposals and testimony
- Coordinate any refinements to the strategic plan as necessary pursuant to GPRA
- Coordinate OGE's response to requests from the White House for any special orientation seminars for Presidential appointees, new Schedule Cs and non-career SES members
- Coordinate the staff work of OGE on any special analysis required by the Administration or by Congress
- Support and coordinate the Director's program of outreach to the public, private sector organizations and other governments
- Coordinate and support the Director's activities in his role as a member of the President's Council on Integrity and Efficiency
- Adjudicate, if necessary, individual corrective actions required to be addressed by OGE including arranging for a hearings officer, a court reporter and a public venue, presenting the evidence against the individual in a public hearing, and recommending to the Director any actions that should be taken

Office of General Counsel and Legal Policy

- Assist agencies in providing post employment counseling to the increasing number of persons leaving the Government during the last year of an Administration
- Issue proposed regulations implementing 18 U.S.C. § 207
- Issue final regulations clarifying various provisions of the Standards of Ethical Conduct, 5 C.F.R. part 2635
- Issue interim regulations implementing OGE's gift acceptance authority

- Issue proposed regulations adding new exemptions to currently effective exemptions from 18 U.S.C. § 208
- Issue final regulations designating agency components under 18 U.S.C. § 207
- Issue proposed regulations interpreting 18 U.S.C. § 209
- Issue proposed regulations implementing provisions of the Privacy Act, 5 U.S.C. app.
- Issue proposed regulations relating to provision of testimony by employees
- Issue interim regulation implementing OGE's training requirement
- Issue final regulations making technical amendments to OGE's financial disclosure requirements
- Develop any required regulations implementing any statutory changes to conflicts of interest, ethics or financial disclosure statutes
- Support the Office of the Director's Congressional relations requirements including drafting testimony, responding to Congressional requests and reviewing legislative proposals and testimony
- Assist the White House and OPM with special orientation seminars for an expected increased number of incoming Presidential appointees, new Schedule C's and noncareer SES replacing departing employees near the end of an Administration
- Meet the expected increased requests for Certificates of Divestiture, as well as for services in support of the blind trust program
- Provide oral and written guidance and interpretations of the executive branch standards of ethical conduct
- Issue oral and written interpretive opinions on sections 202 through 209 of title 18, U.S.C., and on other statutory provisions related to conflicts of interest and ethics
- Provide legal services for OGE as an agency
- Work as liaison with the Department of Justice on the increasing number of litigation matters in which OGE is a party

- Function as the liaison with the Office of Legal Counsel and the Criminal and Civil Divisions of the Department of Justice in coordinating, advice, regulations and referrals
- Assist the Office of Agency Programs in reviewing and developing ethics training materials, including video scripts, computer based-training, and pamphlets, and providing legal review of materials used in training
- Develop and offer with the assistance of the Office of Agency Programs specialized single statute or issue seminars targeted for ethics officials who provide legal advice
- Support OGE speaking/training and outreach programs by providing speakers and presenters
- Provide support to the Education and Program Services Division, including working with desk officers to address complex questions concerning conflicts of interest and ethics statutes and regulations
- Provide support to the Program Review Division by assisting with developing appropriate areas of inquiry prior to that agency's review, assisting with the review and the advice to be provided to that agency and advising on appropriate areas of inquiry for single issue audits
- Support OGE's public information requirements including answering necessary press inquiries
- Support the OGE Records Management System by maintaining the majority of OGE's substantive program records
- Handle administrative responsibilities, including reports and requests under FOIA and the Privacy Act, forms clearance and liaison with OMB, GSA and Federal Register
- Conduct any special analyses required by Congress or the Administration
- Make recommendations to the White House, OMB and the Department of Justice for proposed amendments, if warranted, to the financial disclosure programs required by OGE regulation, Executive Order 12674, the standards of conduct regulations, and the criminal conflicts of interest statutes
- Continue to provide conflict of interest and financial disclosure advice to Independent Counsels and their staffs

- Advise the Director, when necessary, on individual corrective actions required to be addressed by OGE, including assisting the Director with any recommendations to the head of an agency or the President
- Support the Director's activities in his role as a member of the President's Council on Integrity and Efficiency

Office of Agency Programs

- Monitor the ethics agreements of approximately 100 presidential appointees concerning their financial interests and ensure that such agreements are completed within 90 days of confirmation
- Track, collect, review and certify approximately 1,000 annual and termination financial disclosure statements of presidential appointees confirmed by the Senate
- Assist in the review and certification of financial disclosure statements of presidential nominees prior to their Senate confirmation hearings
- Release over 500 financial disclosure statements to the news media and the public
- Track, collect, analyze and make available to the public, the semiannual reports from 120 departments and agencies of travel payments accepted under 31 U.S.C. § 1353 from nongovernment sources
- Conduct ethics program evaluations in 55 Federal agencies, regional offices, and military bases, focusing OGE's legal, educational and program assistance resources in assisting the agencies in the development of better ethics systems and the resolution of outstanding ethics issues
- Conduct six-month follow-up reviews in all agencies in which recommendations were made to improve the ethics program during the initial program review
- Program single-issue reviews or surveys Government-wide of major ethics issues to determine whether OGE and agency ethics policies are effectively meeting intended objectives
- Respond to agency requests for administrative waivers, exemptions and extensions relating to the public financial disclosure system
- Continue a regional development program to provide services to ethics officials in two Federal regions, including seminars, conferences, and technical assistance

Education and Program Services Division

- Maintain a desk officer system to monitor and assist all executive branch agency ethics staffs on a daily basis
- Respond to telephone requests from agency ethics officials for assistance on all types of ethics issues
- Hold periodic seminars with small groups of agency ethics officials to discuss current ethics issues
- Develop and conduct ethics training workshops for ethics practitioners, trainers, counselors, disclosure reviewers and enforcement officials in Washington, DC and Federal Regions
- Develop and conduct annual ethics training for micro-agency employees
- Continue developing multimedia and computer-based-training modules for use by all executive branch departments and agencies in meeting the annual ethics training requirement, especially for employees in remote locations
- Continue to update and maintain the Ethics CD ROM and provide assistance to the Office of Information Resource Management in the maintenance of OGE's Web site
- Continue to modify, design and test courses developed based on the results of the annual needs analysis
- Initiate a new needs analysis to identify the changing ethics training needs of the ethics community in meeting their ethics program goals, with reduced resources
- Plan, organize, support and host the Ninth Annual National Government Ethics Conference for approximately 450 ethics practitioners
- Develop, edit, and publish the Government Ethics Newsgram
- Receive, review, and analyze the Annual Agency Ethics Program Questionnaire required by the Ethics in Government Act of 1978, as amended
- Continue to design and produce easy-to-use reference materials for ethics counselors and employees
- Assist agencies in conducting annual ethics training when their good faith efforts to complete the requirement have been unsuccessful with special emphasis on the micro agencies

- Continue developing surveys to assess customer satisfaction with OGE services and products and for use by OGE divisions in conducting assessments of the executive branch ethics programs
- Begin developing a satellite ethics training course for use by all executive branch departments and agencies in meeting the annual ethics training requirement
- Continue planning, scripting and producing an ethics training videotape to be used by all executive branch agencies in meeting the annual training requirement
- Continue to support the Director's program of Outreach to the public, private sector organizations and other governments

Office of Administration

- Implement USDA's Purchase Card Management System
- Study the feasibility of closing OGE's Imprest Fund in favor of a more efficient and economical means of reimbursing employees for local area travel, making small purchases, and paying spot cash awards through electronic funds transfer
- Initiate actions needed to complete the transition to the new travel and purchase card contract by November 30, 1998
- Implement by January 2, 1999, the provisions of the Debt Collection Improvement Act of 1996 which requires that all federal payments be made by electronic funds transfer
- Conduct a follow-up evaluation to the one completed in fiscal year 1994 of intra-agency administrative policies, procedures and operating systems to determine if the administrative needs of the program offices of the Agency are continuing to be met in a timely and cost effective manner
- Continue to provide intra-agency support to all OGE program offices in the areas of payroll/personnel, finance and budget, small purchasing and contracting, personnel security, printing, and mail services
- Continue producing in-house published ethics training and conference materials, brochures, flyers, pamphlets, posters, the OGE Newsgram, and ethics and administrative forms
- Provide technical assistance to the Education and Program Services Division in developing and publishing semi-annual updates to the Ethics CD-ROM

- Continue planning and evaluating the development of Government-wide database applications to be used by departments and agencies to electronically transmit ethics related information to OGE
- Continue the development of a free stand alone personal computer software program that will allow executive branch employees to complete and print their SF 278, Public Financial Disclosure Form, and with the program's built in edits, significantly reduce the disclosure form review time normally required by agency ethics officials
- Continue developing enhancements and additional information services on OGE's Internet World Wide Web Page
- Develop an updated Windows version of the OGE 450, Confidential Financial Disclosure Form software for free distribution to executive branch departments and agencies
- Continue providing telephone support to executive agencies and employees during the SF 450, Confidential Financial Disclosure Form software developed and distributed by OGE
- Continue developing additional electronic ethics forms for use by departments and agencies
- Continue providing new and upgraded software applications training to each OGE staff member
- Continue providing periodic Records Management training to OGE staff
- Assist the Education and Program Services Division in the implementation of a new comprehensive Ethics Workshop and Conference tracking and management system
- Provide technical assistance to Education and Program Services Division in the development and deployment of interactive ethics training computer programs on the Ethics CD ROM and OGE Web site

OFFICE OF GOVERNMENT ETHICS

Fiscal Year 2000 Request Level

Office of the Director

- Coordinate the increasing level of OGE's Congressional relations requirements including drafting testimony and responding to Congressional requests
- Continue to coordinate OGE's response to requests for review by OMB of legislative proposals and testimony
- Coordinate OGE's pre-election assistance to the White House and to Presidential candidates in planning a transition of administrations
- Coordinate any refinements to the strategic plan as necessary pursuant to GPRA
- Coordinate OGE's response to requests from the White House for any special orientation or post employment seminars for Presidential appointees, Schedule Cs and non-career SES members
- Coordinate the drafting and submit to Congress OGE's Sixth Biennial Report
- Coordinate the staff work of OGE on any special analysis required by the Administration or by Congress
- Support and coordinate the Director's program of outreach to the public, private sector organizations and to other governments
- Support the program of expanding the audience for the Annual Conference through electronic transmissions and offsite presence
- Adjudicate, if necessary, individual corrective actions required to be addressed by OGE including arranging for a hearings officer, a court reporter and a public venue, presenting the evidence against the individual in a public hearing, and recommending to the Director any actions that should be taken

Office of the General Counsel and Legal Policy

- Assist agencies in providing post-employment counseling, including guidance on the President's ethics pledge, to those leaving the Government during the fourth year of an Administration
- Provide informational assistance, as necessary, to a Presidential candidate's transition planning teams

- Issue final regulations implementing 18 U.S.C. § 207
- Issue final regulations implementing OGE's gift acceptance authority
- Issue final regulations adding new exemptions to currently effective exemptions from 18 U.S.C. § 208
- Issue final regulations interpreting 18 U.S.C. § 209
- Issue final regulations in implementing provisions of the Privacy Act, 5 U.S.C. app.
- Issue final regulations relating to provision of testimony by employees
- Issue final regulations implementing OGE's training requirement
- Develop any required regulations implementing any statutory changes to conflicts of interest, ethics of financial disclosure statutes
- Support the Office of the Director's Congressional relations requirements including drafting testimony and responding to Congressional requests, and reviewing legislative proposals and testimony
- Assist the Office of Director in preparing OGE's Sixth biennial report
- Meet the requests for Certificates of Divestiture, as well as for services in support of the blind trust program
- Provide oral and written guidance and interpretations of the executive branch standards of ethical conduct
- Issue oral and written interpretive opinions on sections 202 through 209 of Title 18, U.S.C., and on other statutory provisions related to conflicts of interest and ethics
- Provide legal services for OGE as an agency
- Work as liaison with the Department of Justice on the increasing number of litigation matters in which OGE is a party
- Function as the liaison with the Office of Legal Counsel and the Criminal and Civil Divisions of the Department of Justice in coordinating, advice, regulations and referrals

- Assist the Office of Agency Programs in reviewing and developing ethics training materials, including video scripts, computer based-training, and pamphlets, and providing legal review of materials used in training
- Develop and offer with the assistance of the Office of Agency Programs specialized single statute or issue seminars targeted for ethics officials who provide legal advice
- Support OGE speaking/training and outreach programs by providing speakers and presenters
- Provide support to the Education and Program Services Division, including working with desk officers to address complex questions concerning conflicts of interest and ethics statutes and regulations
- Provide support to the Program Review Division by assisting with the developing appropriate areas of inquiry prior to that agency's review, assisting with the review and the advice to be provided to that agency and advising on appropriate areas of inquiry for single issue audits
- Support OGE's public information requirements including answering necessary press inquiries
- Support the OGE Records Management System by maintaining the majority of OGE's substantive program records
- Handle administrative responsibilities, including reports and requests under FOIA and the Privacy Act, forms clearance and liaison with OMB, GSA and Federal Register
- Conduct any special analyses required by Congress or the Administration
- Make recommendations to the White House, OMB and the Department of Justice for proposed amendments, if warranted, to the financial disclosure programs required by OGE regulation, Executive Order 12674, the standards of conduct regulations, and the criminal conflicts of interest statutes
- Continue to provide conflict of interest and financial disclosure advice to Independent Counsels and their staffs
- Advise the Director, when necessary, on individual corrective actions required to be addressed by OGE, including assisting the Director with any recommendations to the head of an agency or the President
- Support the Director's activities in his role as a member of the President's Council on Integrity and Efficiency

Office of Agency Programs

- Monitor the ethics agreements of approximately 100 presidential appointees concerning their financial interests and ensure that such agreements are completed within 90 days of confirmations
- Track, collect, review and certify approximately 1,000 annual and termination financial disclosure statements of presidential nominees prior to their Senate confirmation hearings
- Assist in the review and certification of financial disclosure statements and presidential nominees prior to their Senate confirmation hearings
- Release over 500 financial disclosure statements to the news media and the public
- Track, collect, analyze and make available to the public, the semiannual reports from 120 departments and agencies of travel payments accepted under 31 U.S.C. § 1353 from nongovernment sources
- Conduct ethics programs evaluations in 55 Federal agencies, regional offices, and military bases, focusing on OGE's legal, educational and program assistance resources in assisting the agencies in the development of better ethics systems and the resolution of outstanding ethics issues
- Conduct six-month follow-up reviews in all agencies in which recommendations were made to improve the ethics program during the initial program review
- Program single-issue reviews or surveys Government-wide of major ethics issues to determine whether OGE and agency ethics policies are effectively meeting intended objectives
- Respond to agency requests for administrative waivers, exemptions and extensions relating to the public financial disclosure system
- Continue a regional development program to provide services to ethics officials in two Federal regions, including seminars, conferences, and technical assistance

Education and Program Services Division

- Maintain a desk officer system to monitor and assist all executive branch agency ethics staffs on a daily basis
- Respond to telephone requests from agency ethics officials for assistance on all types of ethics issues

- Hold periodic seminars with small groups of agency ethics officials to discuss current ethics issues
- Develop and conduct ethics training workshops for ethics practitioners, trainers, counselors, disclosure reviewers and enforcement officials in Washington, DC and Federal Regions
- Continue developing multimedia and computer-based training modules for use by all executive branch departments and agencies in meeting the annual ethics training requirement, especially for employees in remote locations
- Produce, update and maintain the Ethics CD ROM and provide assistance to the Office of Information Resources Management in the maintenance of OGE's Web site
- Continue to modify, design, and test courses developed based on the results of the annual needs analysis
- Initiate a new needs analysis to identify the changing ethics training needs of the ethics community in meeting their ethics program goals, with reduced resources
- Plan, organize, support and host the Tenth Annual National Government Ethics Conference for approximately 400 ethics practitioners.
- Develop, edit, and publish the Government Ethics Newsgram
- Receive, review, and analyze the Annual Agency Ethics Program Questionnaire required by the Ethics in Government Act of 1978, as amended
- Continue to design and produce easy-to-use reference materials for ethics counselors
- Assist agencies in conducting annual ethics training when their good faith efforts to complete the requirement have been unsuccessful with special emphasis on the micro agencies
- Continue developing surveys to assess customer satisfaction with OGE services and products and for use by OGE divisions in conducting assessments of the executive branch ethics programs. Such surveys are necessary in shaping OGE guidance, regulations and training materials for agency ethics programs
- Plan, script and produce an ethics training videotape to be used by all executive branch agencies in meeting the annual training requirement

- Support the Director's program of Outreach to the public, private sector organizations and other governments

Office of Administration

- Continue to provide intra-agency support to all OGE program offices in the areas of payroll/personnel, finance and budget, small purchasing and contracting, personnel security, printing, and mail services
- Analyze results of the evaluation of the administrative needs assessment of OGE's program offices and take corrective action to resolve identified problem areas
- Conduct a comparative analysis of government organizations that provide administrative support services on a cost reimbursable basis to determine if the needs of the Agency could be carried out in a more qualitative, responsive, and cost-effective manner than with OGE's current cross-servicing agency
- Continue producing in-house desktop published ethics training and conference materials, brochures, flyers, pamphlets, posters, the OGE Newsgram, and ethics and administrative forms
- Continue providing technical assistance to the Education and Program Services Division in developing and publishing semi-annual updates to the Ethics CD-ROM
- Continue planning and evaluating the development of government-wide database applications to be used by departments and agencies to electronically transmit ethics related information to OGE
- Distribute to all departments and agencies a free stand alone personal computer software program that will allow executive branch employees to complete and print their SF 278, Public Financial Disclosure Form, and with the program's built in edits, significantly reduces the disclosure form review time normally required by agency ethics officials
- Continue reviewing and evaluating the use of electronic signature filing security requirements to be included in software that will permit electronic filing of public and confidential financial disclosure forms
- Continue developing enhancements and additional information services on OGE's Internet World Wide Web Page, including the ability to provide on-line registration for OGE sponsored ethics training workshops and conferences

- Continue providing telephone support to executive agencies and employees using the OGE 450, Confidential Financial Disclosure Form software developed and distributed by OGE
- Continue developing additional electronic ethics forms for use by departments and agencies
- Continue providing new and upgraded software applications training to each OGE staff member
- Continue providing technical assistance to Education and Program Services Division in the development and deployment of interactive ethics training computer programs on the Ethics CD-ROM and OGE Web site

1225

OFFICE OF GOVERNMENT ETHICS OBJECT CLASSIFICATION (dollars in thousands)

Direct Obligations	1998 ACTUAL	1999 APPROPRIATION	2000 REQUEST
Personnel Compensation			
11.1 Full-time Permanent	\$4,700	\$5,255	\$5,490
11.3 Other than full time permanent	400	307	298
11.5 Other personnel compensation	190	165	167
11.9 Total personnel compensation	\$5,290	\$5,727	\$5,955
12.1 Civilian personnel benefits	1064	1100	1202
21.0 Travel & Transportation/persons	169	162	150
22.0 Transportation of things	2	4	4
23.1 Rental payments to GSA	964	1026	1208
23.3 Communications, utilities, misc	63	83	84
24.0 Printing and Reproduction	56	46	65
25.2 Other Services	204	158	204
25.3 Purchase goods/svc from Gov't	23	52	64
25.7 Operation & Maint of Equip	9	8	10
26.0 Supplies and materials	95	96	90
31.0 Equipment	45	30	78
99.0 Subtotal, direct obligations	\$7,984	\$8,492	\$9,114
99.0 Reimbursable obligations	<u>107</u>	<u>125</u>	<u>125</u>
99.9 Total obligations	<u>\$8,091</u>	<u>\$8,617</u>	<u>\$9,239</u>
 FTE's	 80	 84	 84

OFFICE OF GOVERNMENT ETHICS
 DETAIL OF PERMANENT POSITIONS

GRADE	1999 ESTIMATE	2000 ESTIMATE
EXECUTIVE LEVEL III	1	1
ES 6	2	2
ES 5	1	1
ES 3	1	1
GS 15	14	14
GS 14	10	10
GS 13	26	27
GS 12	6	6
GS 11	6	10
GS 9	6	3
GS 8	1	1
GS 7	5	3
GS 6	3	3
GS 5	1	1
GS 4	1	1
GS 1	<u>1</u>	<u>1</u>
PERMANENT POSITIONS **	<u>85</u>	<u>85</u>

** Full and part-time positions. Equivalent FTE's not to exceed 84.

U. S. OFFICE OF GOVERNMENT ETHICS



Fiscal Year 2000 Annual Performance Plan

February 1999



United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

February 2, 1999

The Honorable Ted Stevens
Chairman
Committee on Appropriations
United States Senate
The Capitol, Room S-128
Washington, DC 20510-6025

The Honorable C.W. Bill Young
Chairman
Committee on Appropriations
United States House of Representatives
The Capitol, Room H-218
Washington, DC 20515-6015

Dear Mr. Chairmen:

With this letter I am pleased to transmit the Office of Government Ethics' (OGE) Annual Performance Plan for FY 2000. OGE's Annual Performance Plan is designed to show the measurable goals that define what will be accomplished by the Agency in fulfilling its mission and meeting the goals of our Strategic Plan.

Management has identified performance goals and indicators which will be used to evaluate the target level of performance outlined in this plan. This evaluation will provide management the means to measure the effectiveness of our plan in accomplishing our goals. Actual performance data for FY 2000 will be reported as part of the Annual Program Performance Report by March 31, 2001.

If I can provide you with any further information on this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stephen D. Potts".

Stephen D. Potts
Director

The Honorable Ted Stevens
The Honorable C.W. Bill Young
Page 2

cc(w/Encl.): The Honorable Henry J. Hyde
Chairman
Committee on Judiciary
United States House of Representatives
2138 Rayburn House Office Building
Washington, DC 20515-6216

The Honorable Dan Burton
Chairman
Committee on Government Reform and Oversight
United States House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515-6143

The Honorable Fred Thompson
Chairman
Committee on Governmental Affairs
United States Senate
340 Dirksen Senate Building
Washington, DC 20510-6250

OGE's MISSION
(from OGE's Strategic Plan)

The Office of Government Ethics exercises leadership in the executive branch to prevent conflicts of interest on the part of Government employees, and to resolve those conflicts of interest that do occur. In partnership with executive branch agencies and departments, we foster high ethical standards for employees and strengthen the public's confidence that the Government's business is conducted with impartiality and integrity.

OGE's STRATEGIC GOALS

OGE's Strategic Plan includes the following goals and objectives:

GOAL I. OGE will provide overall policy direction to the executive branch ethics program

Objective 1. Develop, evaluate, and promote ethics policies for employee conduct that protect executive branch processes from conflicts of interest, as well as from appearances of conflicts of interest. Ensure that these policies are consistent, reasonable, and understandable to employees.

Objective 2. Serve as the primary authoritative source of Federal executive branch ethics policy.

Objective 3. Solicit the advice of agency ethics officials in policy-making processes.

GOAL II. OGE will support the President, executive branch agency ethics heads and employees in administering effective, fair, and consistent ethics programs within the branch and individual agencies.

- Objective 1.** Provide evaluations of agency ethics programs to agency heads and ethics officials which identify strengths and weaknesses of the program. Make specific recommendations for program enhancement designed to help ensure integrity in Government operations.
- Objective 2.** Provide timely and accurate written and oral opinions and be available for informal consultations concerning matters involving the applications of the standards of ethical conduct, criminal conflict of interest statutes, and other related statutes and regulations.
- Objective 3.** Provide technical assistance to agencies in order to implement well-run and employee-helpful agency ethics programs.
- Objective 4.** Provide expert review and conflict of interest analysis of the new, annual and termination financial disclosure reports filed by Presidential appointees requiring Senate confirmation to assist agencies in providing appropriate advice on and taking appropriate actions to prevent financial conflicts of interest by those appointees. Evaluate follow-up by agencies and officials regarding ethics commitments made by nominees during the confirmation process.
- Objective 5.** Promote the importance of the ethics program to department and agency heads and other Government officials in order to secure personal commitment and sufficient agency resources.
- GOAL III.** OGE will develop and make available to agencies innovative training and ethics education materials and promote and

provide quality education and training experiences for agency ethics officials and employees.

Objective 1. Provide quality education and training courses for agency ethics officials.

Objective 2. Provide accurate, consistent, beneficial and cost effective materials for agencies to use in their ethics education and training programs for employees.

Objective 3. Create opportunities for inter-agency educational programs to disseminate information and encourage the sharing of ideas and knowledge.

GOAL IV. OGE will administer an effective outreach program.

Objective 1. Foster a greater appreciation on the part of the public and future employees of the fact that there is a strong ethics program for employees of the executive branch and that standards are enforced.

Objective 2. Share the programmatic and policy development experiences of OGE with other governments, non-profits, corporations, professional and trade associations and institutions of higher education who are pursuing the development or enhancement of their own educational or ethics programs.

ANNUAL PERFORMANCE PLAN

FY 2000

GOAL I

How often OGE's advice was sought and incorporated by the Office of Management and Budget (OMB) in its legislative and policy review functions for the executive branch.

PERFORMANCE GOAL

OGE will maintain a strong working relationship with OMB so that advice is sought and employed by them in 90% of legislative and policy issues having a substantial effect on the executive branch ethics program.

PERFORMANCE INDICATORS

Target

- | | |
|---|-----|
| ● How often OMB requests input | TBD |
| ● Percentage of timely inputs | 90% |
| ● Percentage of input employed on direct ethics program issues | 90% |
| ● Percentage of input on related issues is employed (i.e. gift authority and commission membership) | 50% |

MEANS OF VALIDATING MEASURED VALUES

- Use OGE Legislative Referral Memorandum tracking system with dates of request/response
- Tracking legislation through LEGISLATE as well as contact with OMB on results of recommendations.

- General tracking through LEGISLATE/Congressional Record of Administration-generated legislation having an effect on ethics program in which OGE has no record of having its views sought.

OUTCOME GOAL

Fairness, clarity and consistency in ethics policy in the executive branch. OGE's role as primary spokes office and policy determiner for executive branch ethics policy articulated through statute and Executive Order is respected by the Administration through OMB. OGE's recommendations are given substantial if not controlling weight in the clearance process.

How often OGE sought to identify, with consultation with ethics officials, with enforcement entities such as the Inspectors General (IG) or Department of Justice (DOJ), or with the White House or Congress, an ethics policy that needed to be developed or amended either by statute, regulation, or otherwise and whether appropriate steps were taken to formulate that policy.

PERFORMANCE GOAL

OGE will speak at least monthly on a formal or informal basis to ethics officials, enforcement officials, the White House or Congress with regard to any recommendations for changes or additions to present policies or with regard to the recognition of any trends that serve as a precursor to a needed policy change.

Within 6 months of formally identifying a needed policy change, OGE will draft a proposal to implement that policy.

PERFORMANCE INDICATORS

Target

- | | |
|--|--|
| <ul style="list-style-type: none"> ● How often ethics policy is discussed with Presidents Council of Integrity and Efficiency (PCIE) and the Executive Council of Integrity and Efficiency (ECIE) | <p>Once a year
with each</p> |
| <ul style="list-style-type: none"> ● How often OGE seeks information from IG's or DOJ on types of alleged misconduct investigated | <p>TBD</p> |
| <ul style="list-style-type: none"> ● How often OGE discusses an ethics rule, a proposed regulation or proposed Executive order with Office of Legal Counsel, White House officials or OMB | <p>Each proposal</p> |
| <ul style="list-style-type: none"> ● Length of time between formal identification of needed policy change and internal implementing draft | <p>90% of instances
time is <6 months</p> |

- Percentage of time OGE was not consulted or asked to draft ethics Executive orders

0%

MEANS OF VALIDATING MEASURED VALUES

- Notes from meetings with ethics officials
- Notes from PCIE and ECIE meetings
- Memos from discussions with IG's or DOJ
- Review of issued Executive orders
- Paper trail for regulations and Executive orders consultations
- Memos of phone consultations

OUTCOME GOAL

Ethics policies within the executive branch, to the extent allowed by the political process, are properly focused upon and correctly addressed in a timely fashion the issues involved in a Federal ethics program.

How often Congress sought OGE's views on ethics legislation affecting the executive branch, and how often our views are taken into consideration.

PERFORMANCE GOAL

Congress recognizes the expertise of OGE in the ethics field and takes its comments upon legislation into consideration 75 % of the time.

PERFORMANCE INDICATORS

Target

- | | |
|--|------|
| ● Percentage of hearings on direct ethics matters in which input from OGE (or OGE through DOJ) is requested | 80 % |
| ● Percentage of instances OGE input as a result of a hearing is taken into consideration | 85 % |
| ● Percentage of direct ethics bills on Congressional initiatives (moving through Congress as opposed to simply introduced) in which OGE input is sought directly by Congress | 50 % |
| ● Percentage of direct or related ethics bills (moving through Congress) on which OGE voluntarily submits or initiates Administration comment that is taken into consideration by Congress | 75 % |

MEANS OF VALIDATING MEASURED VALUES

- LEGISLATE word and subject searches for pending legislation and hearings
- OMB requests for OGE input on Congressionally initiated measures
- Internal reports of contacts from Congress for input
- Requests from other agencies seeking OGE support for matters of which those agencies become aware

- Records of cleared testimony
- Congressional response as reflected in legislation or lack thereof

OUTCOME GOAL

OGE has developed an appropriate working relationship with Congress such that its expertise is understood, respected and sought, thus helping to insure consistency, clarity and fairness in legislatively imposed restrictions or exemptions.

How often OGE formally proposed statutory amendments in response to needed changes that were given Administration backing for transmittal to Congress for action and the number enacted.

PERFORMANCE GOAL

Within 6 months of identifying a needed statutory change, OGE has submitted it for clearance to OMB and, after clearance, pursues it to enactment within 18 months at least 75% of the time.

PERFORMANCE INDICATORS

Target

- | | |
|--|-------------|
| ● Number of proposals submitted to OMB | TBD |
| ● Percentage cleared for transmittal | 75% |
| ● Length of time between transmittal and enactment | < 18 months |

MEANS OF VALIDATING MEASURED VALUES

- Track number of identified and needed changes to statutes
- Track time between OGE identification and submission to OMB
- Number of transmittals to Congress
- Use of bill tracking system to determine success

OUTCOME GOAL

Ethics policy effected through legislation is continually reviewed, and appropriate amendments are pursued in a timely and successful manner.

How often U.S. foreign policy agencies sought or supported OGE technical assistance as a source of U.S. Federal ethics policy in support of the U.S. efforts at encouraging anti-corruption measures throughout the world, how that assistance was received and whether the requests were repeated.

PERFORMANCE GOAL

OGE's technical assistance results in a positive, tangible response from the recipients 75 % of the time and in repeated requests for assistance by U.S. agencies or through programs of U.S. organizations sponsored by U.S. agencies 50 % of the time.

PERFORMANCE INDICATORS

Target

- | | |
|--|----|
| ● Number of invitations received by OGE from foreign policy agencies/organizations to participate in U.S. sponsored programs abroad | 8 |
| ● Number of requests from foreign policy agencies/organizations for OGE briefings of foreign officials during visits to Washington | 30 |
| ● Following OGE participation in programs and briefings, Number of foreign countries or U.S. member International organizations developing practical programs or modifying existing programs that reflect OGE technical assistance | 4 |
| ● Number of follow-up requests from visiting delegations for information after listening to OGE presentation in Washington | 5 |
| ● Number of repeat requests from foreign policy agencies/organizations as a result of presentations made by OGE | 4 |

MEANS OF VALIDATING MEASURED VALUES

- Reports to Deputy Director of all invitations received
- Reports filed on each foreign delegation briefing
- Reports of required follow-up with U.S. requesting agency/organization on steps taken by foreign country after in-country presentation
- Tracking system for follow-up questions from visiting delegations
- Reports to U.S. requesting agency/organization
- Evaluations of OGE presentations from audience

OUTCOME GOAL

OGE's technical assistance is helpful, persuasive and supports the U.S. efforts at encouraging anti-corruption programs throughout the world.

GOAL II

The number of agency ethics programs to be reviewed to meet a four year cycle and a percentage of restructuring recommendations implemented.

PERFORMANCE GOAL

Over a four year cycle, OGE will conduct ethics program evaluations in all Federal agencies focusing OGE's legal, educational, and program assistance resources in assisting agencies in the development of better ethics systems and the resolution of outstanding ethics issues. OGE will also evaluate major ethics issues during single issue reviews to determine whether OGE and agencies are effectively meeting intended objectives.

To meet this performance goal, OGE will conduct reviews in 55 agencies and conduct 2 single-issue reviews in FY 2000. OGE will make recommendations to improve the program when deficiencies are found in systems and procedures. OGE will also share with agencies the best practices and procedures found during program reviews. These will be shared with agencies during program reviews, and also publicized on OGE's Website and in Newsgram articles.

PERFORMANCE INDICATORS	<u>Target</u>
● Number of agencies reviewed	55
● Number of recommendations	TBD
● Percent of Follow-up Reviews (where recommendations are made)	100%
● Correction of program deficiencies by agencies	80%
● Number of single-issue reviews	2
● Best practices shared with agency during program reviews	80%

MEANS OF VALIDATING MEASURED VALUES

- Audit tracking system which captures information on program reviews to include agency responses to our review reports, the status of open recommendations and follow-up reports
- Quarterly reports on best practices found in agencies posted to OGE's Website.
- Results of surveys sent to agency ethics officials after a program review report is issued

OUTCOME GOAL

OGE will be able to provide assurance that agencies reviewed have an ethics program with adequate systems and procedures in place to guard against conflicts of interest and to assist employees. OGE, through its single issue reviews will be able to detect problem areas for agencies in implementing ethics regulations or in operating their ethics program. Through reporting of best practices, OGE will save agencies time and effort when they must correct program deficiencies.

Numbers of ethics agreements documented as adequately completed within the time frame established during Senate confirmation.

PERFORMANCE GOAL

OGE will track and monitor the ethics agreements of presidential appointees confirmed by the Senate concerning their financial interests and ensure that such agreements are completed within 90 days of confirmation or within time frames established during the confirmation process. Ethics agreements may consist of divestitures, qualified trusts, recusals, waivers of 18 U.S.C. § 208, or resignations from positions. OGE will take action to resolve cases where agreements have not been satisfied.

PERFORMANCE INDICATORS

Target

- | | |
|---|------|
| ● Number of appointees with ethics agreements | TBD |
| ● Number of ethics agreements | TBD |
| ● Percent of ethics agreements completed within established time frames | 90% |
| ● Percent of incomplete ethics agreements on which OGE took action | 100% |
| ● Percent of cases resolved after OGE took action | 90% |

MEANS OF VALIDATING MEASURED VALUES

- OGE's computerized tracking system for monitoring the status of ethics agreements

OUTCOME GOAL

OGE will be able to provide reasonable assurance that Presidential appointees confirmed by the Senate have met their responsibilities in taking agreed upon steps to assist them in avoiding financial conflicts of interest.

Continuing review of new technology to determine if it can be adapted to assist with carrying out elements of an OGE or agency ethics program, and once identified a schedule to develop its use.

PERFORMANCE GOAL

OGE will continually review major trade journals, attend major trade shows and conferences, and consult with Chief Information Officers (CIOs) and Information Resource Management (IRM) professionals of other agencies to keep abreast of and identify useful new technologies or adaptations of present technologies for use in support of OGE and agency ethics programs. At least once a quarter the CIO will report to the senior staff with regard to potential uses of new technologies. Use of a new technology or an adaptation of a present technology will be actively pursued within 60 days of agency approval and implementation schedules will be developed within 120 days. Latest innovations will be show-cased by OGE for agencies at least once a year, primarily at the annual conference.

PERFORMANCE INDICATORS

Target

- | | |
|--|------------------------------------|
| ● Reports to senior staff with recommended new or adaptive uses | 4 or more |
| ● Number of OGE approved new technologies or adaptations | TBD |
| ● Initial pursuit of OGE approved technologies or adaptations | within 60 days of agency approval |
| ● Develop implementation plan for approved technologies or adaptations | within 120 days of agency approval |
| ● Innovations by OGE or agencies show-cased | at least once a year |

MEANS OF VALIDATING MEASURED VALUES

- Reports to Senior Staff
- Management approvals of new technology

- Contract files

OUTCOME GOAL

Assist OGE and agencies in carrying out ethics programs in a more innovative, interesting, efficient and effective manner.

Schedule for developing full electronic completion and electronic filing for public and confidential disclosure forms.

PERFORMANCE GOAL

Within a four year period, OGE will review, evaluate and include government approved electronic signature filing security requirements into computer software that will allow both public and confidential financial disclosure forms to be completed and filed electronically.

PERFORMANCE INDICATORS

Target

- | | |
|---|---------------------------|
| ● Technical assessment of existing Government approved digital signature security standards and methodologies | End of 1st
QTR FY 2000 |
| ● Survey of agencies regarding their existing and planned computing capabilities and operating environments | End of 3d
QTR FY 2000 |
| ● Evaluation of agency capability survey results against existing security standards | End of 4th
QTR FY 2000 |

MEANS OF VALIDATING MEASURED VALUES

- Notes from security related conferences attended
- Memos from discussions with other agencies permitting electronic filings
- Survey results files
- Systems analysis and development documentation files

OUTCOME GOAL

OGE will use information technology to facilitate the filing and review of confidential and public financial disclosure forms and ease the administrative "paperwork" burden of financial disclosure.

Number of contacts handled by desk officers providing daily advice to the agencies and adequacy of advice.

PERFORMANCE GOAL

Desk officers will respond to a large number of requests from agency ethics officials for advice on administering an effective agency ethics program, applying the standards of ethical conduct, the criminal conflict of interest statutes, financial disclosure regulations and other related rules and regulations. Desk officers will verify and coordinate advice given to agency ethics officials with the Office of General Counsel when necessary. The advice will be timely and adequate in 95 % of the cases. Desk officers will provide information to agency ethics officials regarding the administration of their ethics programs when necessary and appropriate.

PERFORMANCE INDICATORS

Target

- | | |
|---|--------------------------------|
| ● Number of requests for advice | TBD |
| ● Number of contacts concerning inadequate advice | 1 % |
| ● Length of time to respond to requests | 2 days for
90 % of requests |

MEANS OF VALIDATING MEASURED VALUES

- Supervisor will track complaints or comments received about adequacy of advice.
- Desk officer's records documenting exchanges of information
- Monthly meetings to discuss issues addressed

OUTCOME GOAL

The Desk Officers will provide timely, professional advice and information to executive branch ethics officials responsible for administering the executive branch ethics program to employees and to other interested parties.

Number of contacts handled by the legal staff in providing oral and written statutory or regulatory interpretations and adequacy of interpretations.

PERFORMANCE GOAL

The Office of General Counsel will respond to a large number of requests from agency ethics officials, the DOJ, the White House, IG's, Congress, executive branch employees, and members of the public for interpretations of the standards of ethical conduct, the criminal conflict of interest statutes, and other related statutes and regulations. The interpretations will be adequate in 99% of the cases.

To meet these performance goals, the Office of General Counsel will establish a work tracking system that will quantify annually, the number of inquiries requiring interpretation of relevant statutes and regulations. In 90% of the cases, OGE attorneys will respond to requests for information and for oral statutory and regulatory interpretations within 2 workdays of obtaining the information necessary to respond. In 90% of the cases, OGE attorneys will respond to requests for written statutory and regulatory interpretations within 15 workdays of obtaining the information necessary to respond. In addition, in order to measure the adequacy of the responses, the Office of General Counsel will track the number of instances where a requester or other person contacts OGE questioning the adequacy of advice.

PERFORMANCE INDICATORS

Target

- | | |
|---|-------------------------------------|
| ● Number of inquiries | TBD |
| ● Number of contacts concerning adequacy of advice | 1% |
| ● Length of time to respond to requests for information and for oral statutory and regulatory interpretations | 2 work days
90% of the requests |
| ● Length of time to respond to requests for written statutory and regulatory interpretations | 15 work days
90% of the requests |

MEANS OF VALIDATING MEASURED VALUES

- Standardized work measurement data collection instruments
- Supervisors will track complaints or comments received about adequacy of advice

OUTCOME GOAL

OGE will provide valuable advice to persons within the Government charged with administering ethics-related statutes and regulations or who are subject to these statutes and regulations, and to persons outside the Government who have interests related to the relevant statutes and regulations.

Number of timely responses sent to agencies concerning exemptions, waivers, late filing fees, and other administrative matters:

PERFORMANCE GOAL

OGE will respond in writing to agencies concerning exemptions, waivers, late filing fees and other administrative matters in relation to the public financial disclosure system within one week of a final decision made on the matter. Total response time including time for analysis and decision will not exceed 15 working days, except in cases where further information must be obtained from the agencies to act on their request, or the request involves multiple parties.

PERFORMANCE INDICATORS

Target

- | | |
|--|-----|
| ● Number of agency requests received | TBD |
| ● Percentage of responses answered within 15 working days of receipt | 90% |

MEANS OF VALIDATING MEASURED VALUES

- Automated system for tracking administrative correspondence

OUTCOME GOAL

Agencies will be able to operate more effective and efficient financial disclosure systems with timely decisions by OGE on exemptions, waivers and late filing fees for officials and employees.

Following guidance developed by the Director for when meetings should occur, the number of meetings sought with Congress, White House officials, OMB, and the heads of agencies where the purpose is to encourage support for the ethics program.

PERFORMANCE GOAL

The Director shall meet with all new agency heads within 6 months of their taking their positions in order to seek personal support of the program. The Director or a member of the staff shall meet with Members of Congress or their staffs on each OGE legislative initiative, on each bill which would amend or add to direct (core) ethics provisions, on each OGE appropriations bill and on at least half of bills seriously considered which contain agency specific ethics measures.

The Director shall meet with the head of each agency when the agency is to receive or has recently received a notice that the agency's ethics program is not properly performing. The Director shall inform White House Counsel of any findings by OGE when a letter has been sent to an agency head that the agency's ethics program is not properly performing.

PERFORMANCE INDICATORS

Target

- | | |
|---|-------|
| ● Percentage of new agency heads met within 6 months | 80 % |
| ● Percentage of agency heads met following notice problems with agency ethics programs | 100 % |
| ● New resources devoted to the program by agency head to correct problems after OGE finding | 80 % |
| ● Percentage of White House ethics initiatives on which OGE met with White House staff | 100 % |
| ● Percentage of meetings held with White House after they expressed concerns for an OGE proposed regulation | 100 % |
| ● Numbers of meetings with members/staff for purposes of seeking support of program | 30 |

MEANS OF VALIDATING MEASURED VALUES

- Confirmation date tracking/Director's calendar of meetings
- Notes in regulatory files with regard to meetings
- Notes from meetings with Congress
- Notes in agency review files with regard to meetings
- Appropriations levels for OGE
- Agency resource levels for supporting the program

OUTCOME GOAL

Support for the program by agency heads, the White House and the Congress will be visible through the resources devoted by an agency, actions and speeches of the agency head and White House officials, and through activities supportive of OGE's legislative program evidenced by votes and public statements made at hearings and on the floor of the Congress.

Number of nominee, annual and termination financial disclosure statements reviewed and certified on a timely basis.

PERFORMANCE GOAL

Track, collect, review, and certify the nominee, annual and termination financial disclosure statements of approximately 1,000 presidential appointees confirmed by the U.S. Senate to assure Senate confirmation committees and executive branch agencies that appointees financial interest are free from conflicts of interest with the position to which they are appointed. OGE will assist filers in fashioning appropriate remedies to alleviate an actual or apparent conflict of interest. Filers may be advised to consider several different types of action for inclusion in ethics agreements, which are tailor-made to suit the circumstances. Actions may consist of divestitures, qualified trusts, recusals, waivers of 18 U.S.C. § 208, or resignations from positions.

PERFORMANCE INDICATORS

Target

- | | |
|---|-----|
| ● Number of nominee statements received | TBD |
| ● Percentage of nominee statements certified, and opinions rendered to Senate within two weeks of receiving final certified form from agency after nomination | 95% |
| ● Number of annual and termination financial disclosure statements received | TBD |
| ● Percentage of annual and termination statements reviewed within 60 days of receipt | 90% |

MEANS OF VALIDATING MEASURED VALUES

- Reports generated by OGE's computerized financial disclosure tracking system of all public financial disclosure statements filed by presidential appointees

OUTCOME GOAL

OGE will be able to provide reasonable assurance to Senate confirmation committees, to agencies, to the public and to presidential appointees confirmed by the Senate that the entries on the appointees' financial disclosure reports have been reviewed for actual or potential conflicts and appropriate steps have been recommended in order to avoid even the appearance of conflict. Annual reviews of financial disclosure statements provides a continued opportunity to address changed circumstances and to ensure that all ethics agreements have been completed.

GOAL III

Schedules to be followed to identify the most relevant topics to be covered by ethics education courses and materials for ethics officials and employees as well as the appropriate formats for conveying those topics and the target number of courses and materials to be developed.

Time frames and standards which OGE will use to evaluate the effectiveness of the ethics training courses and materials it develops for use by agencies in their ethics training programs.

PERFORMANCE GOAL

Within the first quarter of the FY, the Education and Program Service Division (EPSD) will perform an annual ethics training and education needs analysis executive branch wide to 1) identify subjects ethics officials feel need to be emphasized in training courses and educational products developed by OGE for employees and ethics officials, and 2) identify agencies' logistical needs, i.e., locations for conducting OGE ethics training courses and the types, media and distribution of educational products.

During the second quarter of the FY, EPSD will determine what topics and the types of courses and products it will begin to develop during the FY. During the third and fourth quarters of the FY, EPSD will develop a plan and schedule to produce these courses and educational products and will follow that schedule.

During the first half of the FY, EPSD will be completing course development and educational products begun in the previous fiscal year.

By the beginning of the FY, EPSD will have developed a survey/questionnaire to evaluate each of OGE's available training courses and educational products. During the FY, OGE will administer the surveys/questionnaires a minimum of 10 times for each new training course conducted or new educational product developed by OGE. OGE will use the results of the surveys/questionnaires to monitor the effectiveness of the course/product and to improve the course or product as necessary.

OGE will maintain an Ethics Information Center (EIC) and will solicit copies of new ethics training products developed by other agencies three times per year. These training products will

primarily be available to all executive branch agencies for use by them in developing their own ethics training programs and meeting the annual ethics training requirements.

PERFORMANCE INDICATORS

Target

● Number of Needs Analyses conducted	One annually during 1st QTR of the FY
● Number of Agencies responding	50%
● Number of training courses conducted	35
● Number of new educational products developed	4
● Number of surveys/questionnaires administered	10 times/year for new products, once a year for old videos
● Number of requests from agencies for OGE developed courses or educational products	TBD
● Number of visitors to the EIC	TBD
● Agency ethics education materials solicited for EIC	3 times per year
● Requests for materials available from the EIC	TBD

MEANS OF VALIDATING MEASURED VALUES

- Ethics training needs analysis summary
- Training courses and educational products (based on summary)
- Student evaluations
- Surveys/questionnaires

- Records on materials distributed/requested
- Visitor/requests for materials database for the EIC

OUTCOME GOAL

OGE will provide executive branch ethics officials and employees with professionally developed and appropriate ethics training courses and products which will facilitate employees' understanding of their responsibilities under the standards of conduct, the criminal conflict of interest statutes and other ethics related rules and regulations.

Schedules to be followed for requesting executive branch ethics officials' input and participation in large scale educational projects such as satellite broadcast or teleconference training and development of multimedia training packages.

PERFORMANCE GOAL

OGE will complete a timely review of its experiences the previous year with any satellite broadcast or teleconference training and multimedia training, will complete any survey of agency interest in participating in or the availability of agency facilities to broadcast or receive such training, and will develop a schedule to follow in order that by the end of the fiscal year it will have substantially participated in one such broadcast or teleconference event and/or developed one new multimedia training package.

PERFORMANCE INDICATORS

Target

- | | |
|---|-------------------|
| ● Agencies surveyed for interest and/or facilities | > 20 |
| ● Draft schedule developed for producing large scale projects | < 90 days into FY |
| ● Number of large scale projects produced | 2 |
| ● Potential audience of project | > 1000 |

MEANS OF VALIDATING MEASURED VALUES

- Annual Agency Ethics Program Questionnaire reporting on means used by agencies to conduct annual ethics training
- Data collection system to track contacts/solicitations for agency input or facilities
- Requests for indications of interest at Interagency Ethics Council meetings
- Records of projects
- Tapes of broadcasts or teleconferences

- Copies of multi-media packages
- Reported audience totals from agencies

OUTCOME GOAL

OGE will be able to incorporate new ideas, agency expertise and agency physical resources in providing large scale education and training projects intended for use by agencies in providing ethics training for employees throughout the world.

Schedules for development and administration of the annual agency ethics program reporting requirement and identification of trends in agency ethics programs.

PERFORMANCE GOAL

Annually OGE will develop, administer, and analyze an ethics program survey executive branch wide to determine the state of the executive branch ethics program, identifying trends and areas of weakness/strength which it will incorporate into and address in its policy-making, interpretation and opinion function.

PERFORMANCE INDICATORS

Target

- Number of surveys distributed All executive agencies
- Number of completed surveys received 100 % compliance

MEANS OF VALIDATING MEASURED VALUES

- Analysis of survey reports
- Survey report summaries
- Analysis of issues/trends indicating success or problems in the program

OUTCOME GOAL

OGE will obtain a "snapshot" perspective on the executive branch ethics program. OGE will be able to utilize the summary data to hone in on potential problem areas, areas of weakness or successes and either address the problem, strengthen the program or share the successes by incorporating the information into its policy-making and interpretation work.

Schedules for planning, developing, conducting an annual executive branch-wide ethics conference, including new initiatives to expand offsite audiences.

PERFORMANCE GOAL

OGE will plan, develop, host and conduct an annual ethics conference for approximately 450 executive branch ethics officials where attendees will have an opportunity to participate in working sessions on the most current and common ethics issues, receive updates from OGE on all aspects of the ethics program and hear from outside sources and each other on the administration of their ethics programs. Nine months prior to the conference OGE will determine the feasibility of broadcasting selected segments of the conference to off-site locations via satellite or teleconference technology. If broadcasting is feasible, OGE will solicit interest from agency ethics officials for participation in such a broadcast and will identify the most effective location to receive the broadcast. OGE will make all necessary arrangements for transmitting the broadcast.

PERFORMANCE INDICATORS

Target

- | | |
|---|---------------------------|
| ● Number of conference attendees | 450 |
| ● Number of agencies represented | 90% |
| ● Evaluations of the conference
(scale 1 to 5) | Overall score 3 or higher |
| ● Number of off-site locations | 1 |
| ● Number of off-site attendees | 75 |

MEANS OF VALIDATING MEASURED VALUES

- Evaluations solicited from attendees including off-site attendees for each working session, speaker or other plenary session
- Overall conference evaluations

OUTCOME GOAL

OGE will be able to develop and conduct effective and informative conferences which will enhance and strengthen a larger segment of the ethics community and the ethics program. Agencies will be able to share common issues and offer each other practical solutions and suggestions which will also enhance and strengthen the program.

GOAL IV

Target levels of the type of requests received for, or the opportunities sought by OGE to participate in meetings, conferences and courses sponsored by private organizations or submit articles to publications in order to describe and promote the executive branch ethics program.

PERFORMANCE GOAL:

OGE will seek to participate in 40 in person or electronic presentations where the public will be able to hear about the executive branch ethics program and will pursue the publication of one article or speech by an OGE employee about the program with a publication with a circulation of at least 2000.

PERFORMANCE INDICATORS

Target

- | | |
|--|----|
| ● Numbers of presentations to private groups | 40 |
| ● Numbers of articles or speeches published | 1 |

MEANS OF VALIDATING MEASURED VALUES

- Audience evaluation of the presentation
- Any follow-up questions, invitations or comments sent to OGE as a result of a presentation or publication
- Copies of published articles

OUTCOME GOAL

The public will have an opportunity to gain a greater understanding and appreciation of the executive branch ethics program and potentially more confidence in a government free from conflicts.

Establish a schedule to develop materials which promote public service ethics in general rather than specific rules or regulations and the number of those materials requested by and/or made available to the public.

PERFORMANCE GOAL

By the end of FY 1999, OGE will have at least one educational product and one article in the Ethics Newsgram that will promote public service ethics in general.

PERFORMANCE INDICATORS

Target

- | | |
|---|--------------|
| ● Number of new educational products developed | 1 |
| ● Articles on public service ethics in Newsgram | 1 |
| ● Distribution of new products to agencies | All agencies |
| ● Requests for new products | TBD |

MEANS OF VALIDATING MEASURED VALUES

- DAEograms to agencies
- Records documenting the requests for and distribution of products.
- Newsgram file

OUTCOME GOAL

OGE will assist agencies in promoting, and the public in understanding the importance of government and public service.

Establish a schedule for updating, and track the volume of use of OGE's information on the World Wide Web.

PERFORMANCE GOAL

OGE will maintain all of its publicly available material, including opinions, advisory letters, memorandums, pamphlets, training course modules, training videos, Newsgrams, etc. on the OGE Home page on the World Wide Web. OGE will update this material on a monthly basis and review usage reports provided by the Government Printing Office (GPO) which hosts the OGE home page.

PERFORMANCE INDICATORS

Target

- | | |
|---|------------------|
| • Updates made and transferred to GPO within 5 days of receipt of information | 95 % of the time |
| • OGE will use the usage and access reports provided by GPO | TBD |

MEANS OF VALIDATING MEASURED VALUES

- OGE will review the reports provided by GPO

OUTCOME GOAL

OGE will make information on its function to the public in the most expeditious and efficient manner. OGE will facilitate the administration of the executive branch ethics program by making information, determinations and ethics training materials available in the most expeditious and efficient manner.

Establish criteria and evaluate responsiveness to requests for publicly available documents and information.

PERFORMANCE GOAL

OGE will establish target levels of responsiveness to requests for information under the freedom of information act and the privacy act, as well as requests for public financial disclosure forms (SF 278), ethics agreements, waivers issued under 18 U.S.C. § 208(b), certificates of divestitures, blind trust documents, reports of agency acceptance of travel reimbursement under 41 U.S.C. § 1353, and OGE informational materials.

To meet this Performance Goal, OGE will establish internal response deadlines meeting or exceeding statutory deadlines in 90% of the cases.

PERFORMANCE INDICATORS

Target

- In 90% of the cases the number of days to respond to requests for the following:

documents under the Freedom of Information Act and Privacy Act	10
Other documents maintained by OGE, such as	
278 forms,	3
ethics agreements,	3
waivers under 18 U.S.C. § 208(b),	3
certificates of divestiture,	3
blind trust documents,	3
agency 1353 reports,	3
informational materials (e.g. pamphlets)	2

MEANS OF VALIDATING MEASURED VALUES

- OGE will develop a standardized response tracking instrument

OUTCOME GOAL

OGE will ensure that its customers receive publicly available information as quickly as possible. Moreover, timely responses will enhance the confidence of requesters in OGE's effective implementation of the executive branch ethics program.

STATEMENT FOR THE RECORD OF
HONORABLE PATRICK E. McFARLAND, INSPECTOR GENERAL
UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

for the

SUBCOMMITTEE ON TREASURY, POSTAL SERVICE,
AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

on

FISCAL YEAR 2000 APPROPRIATIONS REQUEST
FOR THE OFFICE OF THE INSPECTOR GENERAL
AT THE UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

THANK YOU FOR PROVIDING ME WITH THIS OPPORTUNITY TO DISCUSS THE
PRESIDENT'S FISCAL YEAR 2000 REQUEST FOR APPROPRIATIONS FOR THE OFFICE
OF THE INSPECTOR GENERAL. THE TOTAL REQUEST FOR THE OFFICE OF THE
INSPECTOR GENERAL IS \$10,605,000, WHICH IS AN INCREASE OF \$500,000 ABOVE
THE AMOUNT APPROPRIATED IN FY 1999. OF THIS AMOUNT, \$960,000 IS FROM
THE SALARIES AND EXPENSES/GENERAL FUND AND \$9,645,000 IS FROM THE
TRUST FUNDS. IN ADDITION, WE PLAN FOR \$150,000 IN ADVANCES AND
REIMBURSEMENTS.

THE OFFICE OF THE INSPECTOR GENERAL RECOGNIZES THAT OVERSIGHT OF
THE RETIREMENT AND INSURANCE TRUST FUNDS ADMINISTERED BY THE
OFFICE OF PERSONNEL MANAGEMENT (OPM) IS, AND WILL BE, ITS MOST

SIGNIFICANT CHALLENGE. THESE TRUST FUNDS ARE AMONG THE VERY LARGEST HELD BY THE UNITED STATES GOVERNMENT. THEIR ASSETS TOTALED \$487.8 BILLION IN FISCAL YEAR 1998 AND THEIR ANNUAL PROGRAM AND OPERATING EXPENSES WERE \$96.5 BILLION. THE AMOUNTS OF THEIR BALANCES ALONE ARE MATERIAL TO THE INTEGRITY OF THE GOVERNMENT'S FINANCIAL POSITION. I HAVE ALLOCATED OVER 90 PERCENT OF THE OFFICE OF INSPECTOR GENERAL'S EFFORTS AND RESOURCES TO TRUST FUND OVERSIGHT, AND I BELIEVE THAT WE ARE NOW AS FULLY COMMITTED TO TRUST FUND WORK AS IS POSSIBLE WITHIN THE CONTEXT OF OUR CURRENT RESOURCE STRUCTURE.

OUTLAYS FROM THE OPM RETIREMENT TRUST FUNDS ARE MADE IN THE FORM OF PAYMENTS TO MILLIONS OF ANNUITY RECIPIENTS. THE HEALTH INSURANCE TRUST FUND PROVIDES PAYMENTS TO APPROXIMATELY 400 HEALTH INSURANCE CARRIERS NATIONWIDE. IN TURN, THE HEALTH INSURANCE CARRIERS PAY MILLIONS OF CLAIMS FOR SERVICES FILED BY THEIR ENROLLEES AND HEALTH CARE PROVIDERS. SUCH HEALTH INSURANCE PAYMENTS ARE HIGHLY SUSCEPTIBLE TO FRAUD. STUDIES BY LAW ENFORCEMENT AGENCIES, THE GENERAL ACCOUNTING OFFICE, AND INDUSTRY GROUPS HAVE CONSISTENTLY PROJECTED THAT SUBSTANTIAL AMOUNTS WILL REFLECT IMPROPER, INACCURATE, OR FRAUDULENT PAYMENTS. WE OWE AN AFFIRMATIVE OBLIGATION TO FEDERAL EMPLOYEES AND ANNUITANTS TO

PROTECT THE INTEGRITY OF THEIR EARNED BENEFIT PROGRAMS, AND TO THE FEDERAL AGENCIES AND THE AMERICAN TAXPAYERS WHO PROVIDE THE MAJORITY OF THE PROGRAMS' FUNDING TO REDUCE LOSSES DUE TO FRAUD AND IMPROPRIETY AND TO RECOVER MISSPENT FUNDS WHENEVER POSSIBLE.

WORKING WITH RESOURCES PROVIDED, THE OFFICE OF THE INSPECTOR GENERAL HAS ACHIEVED AN IMPRESSIVE RECORD OF COST EFFECTIVENESS IN COMBATING FRAUDULENT ACTIVITIES. AUDITS AND INVESTIGATIONS OF THE TRUST FUND PROGRAMS HAVE RESULTED IN SIGNIFICANT FINANCIAL RECOVERIES TO THE TRUST FUNDS AND COMMITMENTS BY PROGRAM MANAGEMENT TO RECOVER ADDITIONAL AMOUNTS. IN FY 1998, THESE RECOVERIES AND COMMITMENTS TOTALED APPROXIMATELY \$76.4 MILLION. THIS EQUATES TO APPROXIMATELY \$8 OF FINANCIAL IMPACT FOR EACH DOLLAR APPROPRIATED TO THE OFFICE OF THE INSPECTOR GENERAL BY CONGRESS.

THE ADDITIONAL \$500,000 BEING REQUESTED FOR FY 2000 IS THE SECOND PHASE OF A REQUEST MADE OF AN EQUAL AMOUNT, AND APPROPRIATED BY CONGRESS IN FY 1999. THIS WILL ENABLE THE OFFICE OF THE INSPECTOR GENERAL TO MAKE PROGRESS TOWARD ACHIEVING AN AVERAGE AUDIT CYCLE OF FIVE YEARS FOR CARRIERS PARTICIPATING IN THE FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM (FEHBP) BY INCREASING THE SIZE OF THE AUDIT

STAFF AVAILABLE. THE PREFERRED AUDIT CYCLE RANGES BETWEEN THREE AND FIVE YEARS. THE OFFICE OF THE INSPECTOR GENERAL BELIEVES THAT HIGH RISK CARRIERS (BASED ON RELATIVE SIZE AND PAST AUDIT EXPERIENCE) SHOULD BE AUDITED AT LEAST EVERY THREE YEARS WHILE THE REMAINING CARRIERS SHOULD BE AUDITED NO LESS THAN EVERY FIVE YEARS. ANY CYCLE LONGER THAN FIVE YEARS EXPOSES THE FEHBP TO THE RISK OF SUBSTANTIAL LOSS BECAUSE OF CONTRACTUAL PROVISIONS AND FEDERAL REGULATIONS THAT LIMIT RETENTION BY HEALTH CARRIERS OF FEHBP ADMINISTRATIVE RECORDS TO FIVE YEARS. IN ADDITION TO PROVIDING INCREASED FEHBP TRUST FUND OVERSIGHT, REDUCING THE AUDIT CYCLE TO FIVE YEARS WILL RESULT IN CONSIDERABLE FINANCIAL RECOVERIES. A HIGHLY CONSERVATIVE ESTIMATE, BASED ON FY 1997 AND FY 1998 EXPERIENCE, INDICATES THAT THE OFFICE OF THE INSPECTOR GENERAL WILL BE ABLE TO RECOVER AT LEAST AN ADDITIONAL \$4.5 MILLION ANNUALLY AS A DIRECT RESULT OF THE INCREASED RESOURCES REQUESTED FOR FY 2000. ASSUMING THAT EACH NEW AUDITOR IS TRAINED AND FULLY FUNCTIONAL, THE LEVEL OF ADDITIONAL RECOVERIES COULD APPROACH \$9 MILLION PER YEAR.

THE FEHBP IS THE LARGEST EMPLOYER-SPONSORED HEALTH INSURANCE PROGRAM IN THE UNITED STATES--PROVIDING HEALTH BENEFITS TO APPROXIMATELY 9 MILLION PERSONS--AND IS THE THIRD-LARGEST FEDERALLY FUNDED HEALTH CARE PROGRAM, AFTER MEDICARE AND MEDICAID. IT HAS

INCREASINGLY BEEN CITED AS A MODEL OF THE WAY A HEALTH INSURANCE PROGRAM CAN OFFER A WIDE CHOICE OF COVERAGE OPTIONS WHILE CONTROLLING COST INCREASES. OVERSIGHT RESPONSIBILITY FOR A PROGRAM OF THIS SIZE AND SIGNIFICANCE REQUIRES MY OFFICE TO DEVOTE EVERY EFFORT TOWARD ACHIEVING THE OBJECTIVE OF BEING ACKNOWLEDGED AS A NATIONWIDE LEADER IN FIGHTING HEALTH CARE FRAUD.

IN THIS REGARD, I AM PLEASED TO REPORT THAT WE HAVE BEGUN TO IMPLEMENT P.L. 105-266, THE FEDERAL EMPLOYEES HEALTH CARE PROTECTION ACT OF 1998, SIGNED INTO LAW BY PRESIDENT CLINTON ON OCTOBER 19, 1998. THIS STATUTE PROVIDES OPM WITH A COMPREHENSIVE AND PROCEDURALLY EFFICIENT AUTHORITY TO TAKE ADMINISTRATIVE SANCTIONS ACTION AGAINST HEALTH CARE PROVIDERS WHO COMMIT VIOLATIONS AGAINST THE FEHBP. SINCE MAY 1993, WE HAVE OPERATED A LIMITED DEBARMENT PROGRAM UNDER THE AUTHORITY OF THE GOVERNMENT-WIDE DEBARMENT AND SUSPENSION COMMON RULE. THESE EFFORTS HAVE RESULTED IN OVER 11,000 DEBARMENTS.

THE OFFICE OF THE INSPECTOR GENERAL CONTINUES TO SEEK INCLUSION OF THE FEHBP AS A FULL PARTICIPANT IN THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996. FEHBP WAS EXCLUDED FROM REMEDIAL AND CIVIL ENFORCEMENT AUTHORITIES FOR HEALTH CARE FRAUD WHICH WERE MADE APPLICABLE TO ALL OTHER FEDERAL HEALTH CARE PROGRAMS.

THEREFORE, OUR ABILITY TO COMBAT FRAUD AND RECOVER FUNDS WHICH HAVE BEEN PAID IMPROPERLY HAS BEEN DRASTICALLY LIMITED, RELATIVE TO THE REST OF THE FEDERAL HEALTH CARE COMMUNITY. THIS IS SIMPLY NOT COMPATIBLE WITH THE BEST INTERESTS OF THE PROGRAM AND ITS SUBSCRIBERS, WHO DESERVE A LEVEL OF PROTECTION WHICH REPRESENTS NO LESS THAN THE CURRENT STATE OF THE ART.

THANK YOU FOR THIS OPPORTUNITY TO STATE ONCE MORE MY REQUEST FOR FISCAL YEAR 2000.

OFFICE OF PERSONNEL MANAGEMENT**OFFICE OF THE INSPECTOR GENERAL****DESCRIPTION**

This account has three fund sources:

- **Salaries and Expenses/General Fund Appropriation (S&E)**

This annual appropriation pays for the operating expenses to carry out mandated responsibilities of the Office of the Inspector General (OIG). This appropriation also funds the OIG's S&E share of agencywide support services.

- **Transfers from the Trust Funds**

The OIG receives an annual appropriation to pay the operating expenses of audits, investigations and reviews of OPM's administration of the civil service retirement and insurance programs. This appropriation also funds the OIG's Trust Fund's share of agencywide support services. These funds are transferred from the Civil Service Retirement and Disability Fund, the Employees and Retired Employees Health Benefits Fund and the Employees Life Insurance Fund.

- **Advances and Reimbursements**

The OIG provides services, on a reimbursable basis, to other agencies when the OIG possesses special skills and technical expertise that are more economical than alternative public or private sources.

OFFICE OF INSPECTOR GENERAL COMPARATIVE SUMMARY STATEMENT

(dollar amounts in thousands)

	FY 1998 Actual	FY 1999 Estimate	FY 2000 Request	FY 2000 Change
<u>Obligations:</u>				
Salaries and Expenses	\$904	\$960	\$960	\$0
Transfers from the Trust Funds	8,611	9,145	9,645	500
Total Appropriation	\$9,515	\$10,105	\$10,605	\$500
Carryover	\$70	\$45	---	(\$45)
Sub-Total	\$9,585	\$10,150	\$10,605	\$455
Advances and Reimbursements	\$15	\$150	\$150	---
Grand Total	\$9,600	\$10,300	\$10,755	\$455
<u>Offsetting Collections:</u>				
Transfers from the Trust Funds	\$8,611	\$9,145	\$9,645	\$500
Carryover	35	20	---	(20)
Advances and Reimbursements	15	150	150	---
Total	\$8,661	\$9,315	\$9,795	\$480
<u>Budget Authority:</u>				
Budget Authority	\$960	\$960	\$960	\$0
Carryover	35	25	---	(25)
Total	\$995	\$985	\$960	(\$25)
<u>Trust Funds Budget Authority:</u>				
Annual	\$8,645	\$9,145	\$9,645	\$500
Carryover	35	20	---	(20)
Total	\$8,680	\$9,165	\$9,645	\$480
<u>Outlays:</u>				
General Fund	\$1,028	\$935	\$950	\$15
Trust Funds	\$8,646	\$9,165	\$9,645	\$480
<u>Full-Time Equivalents:</u>				
Salaries and Expenses	9	10	10	---
Transfers from the Trust Funds	80	95	100	5
Advances and Reimbursements	---	1	1	---
Total	89	106	111	5

OFFICE OF THE INSPECTOR GENERAL

OBLIGATIONS BY OBJECT CLASS

(dollar amounts in thousands)

OBJECT CLASS	<u>FY 1999 Estimate</u>	<u>FY 2000 Request</u>	<u>Change</u>
Personnel Compensation	\$6,450	\$7,027	\$577
Personnel Benefits	1,402	1,574	172
Benefits for Former Personnel	0	0	0
Travel and Transportation of Persons	470	490	20
Transportation of Things	0	0	0
Rental Payments to GSA	785	785	0
Communications and Utilities	90	90	0
Printing and Reproduction	14	14	0
Advisory and Assistance Services	0	0	0
Other Services	978	664	(314)
Supplies and Materials	93	93	0
Equipment	<u>18</u>	<u>18</u>	<u>0</u>
Total Obligations	\$10,300	\$10,755	\$455

OFFICE OF THE INSPECTOR GENERAL

SALARIES AND EXPENSES, TRANSFERS FROM THE TRUST FUNDS,
AND ADVANCES AND REIMBURSEMENTS

(dollar amounts in thousands)

RESOURCES	FY 1998 <u>Actual</u>	FY 1999 <u>Estimate</u>	FY 2000 <u>Request</u>	FY 2000 <u>Change</u>
Obligations				
Salaries and Expenses	\$904	\$960	\$960	---
Transfers from the Trust Funds	\$8,611	\$9,145	\$9,645	\$500
Advances and Reimbursements	<u>\$15</u>	<u>\$150</u>	<u>\$150</u>	<u>---</u>
Total	\$9,530	\$10,255	\$10,755	\$500
Carryover	<u>\$70</u>	<u>\$45</u>	<u>---</u>	<u>(\$45)</u>
Total	\$9,600	\$10,300	\$10,755	\$455
Full-Time Equivalents				
Salaries and Expenses	9	10	10	---
Transfers from the Trust Funds	80	95	100	5
Advances and Reimbursements	<u>---</u>	<u>1</u>	<u>1</u>	<u>---</u>
Total	89	106	111	5

DESCRIPTION OF ACTIVITY

The Office of Inspector General (OIG) was established as a statutory entity on April 16, 1989. It operates under the authority of the Inspector General Act of 1978 (P.L. 95-452) and the 1988 amendments (P.L. 100-504).

The mission of the OIG is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness and efficiency within the agency.
- Prevent and detect fraud, waste and abuse in agency programs and operations.

***Salaries and Expenses, Trust Fund, and Advances and Reimbursements
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- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

Specific functions include:

Audits

- Perform health and life insurance carrier audits. The OIG conducts audits of health insurance carriers, sponsors, underwriting organizations, as well as two life insurance carriers, all of which share in annual premium payments in excess of \$16.8 billion. Audits of FEHBP carriers result in significant positive financial impact (this includes both actual recoveries to the FEHBP fund and commitments by OPM management to recover additional funds).
- Perform OPM internal audits. This activity includes such diverse areas as financial statement audits required by the Chief Financial Officers Act; President's Council on Integrity and Efficiency Governmentwide audits; and audits of agency compliance with laws and regulations such as the Prompt Payment Act and the Federal Managers Financial Integrity Act. In addition, the need exists for the OIG to complete performance audits of OPM programs that involve the full range of the agency's responsibilities, but it has not been able to because of resource constraints.
- Perform OPM external audits. The OIG, as requested by OPM procurement officials, conducts pre- and post-award contract audits relating to the acquisition of goods and services by agency program offices.

Investigations

- Provide investigative oversight of OPM's administered trust funds. Combined disbursements for these programs are in excess of \$60 billion annually. The investigation of fraud involving OPM's trust funds occupies the majority of our OIG investigative efforts.
- Inquire into allegations by OPM employees, contractors, and other interested parties of program-related fraud, misconduct or conflict of interest.

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Evaluation and Inspections

- Conduct evaluations and inspections of OPM program issues and functions. Through these evaluations and inspections, the OIG is providing assistance to agency program managers to improve delivery of services throughout the agency. Much of this work is performed through a constructive and interactive relationship with program officials. However, the OIG may impose an evaluation or inspection whenever a need is identified.
- The OIG also conducts inspections of the local organizations of the Combined Federal Campaign, the sole authorized charitable fund-raising drive conducted in federal installations throughout the world.

Administrative Sanctions

- OIG operates a program of administrative sanctions with respect to health care providers whose actions indicate that they present a threat to the integrity of the Federal Employees Health Benefits Program. Under authority delegated from the agency head, OIG issues debarment actions against providers who have previously been sanctioned by other federal agencies.
- Public Law 105-266, enacted on October 19, 1998, substantially revised the existing statutory FEHBP sanctions authority (5 USC §8902a), making it both more comprehensive and procedurally efficient. Under the statute, it will become feasible for the first time for the OIG to pursue sanctions—including suspension, debarment, and financial assessments—of health care providers for violations committed against FEHBP, even if there is no indication that offenses occurred in other federal health care programs.

ANNUAL PERFORMANCE GOALS FOR FY 2000 BY STRATEGIC PLAN GOAL AND OBJECTIVE

OPM STRATEGIC PLAN GOAL II:

***PROTECT AND PROMOTE THE MERIT-BASED CIVIL SERVICE AND THE EMPLOYEE
EARNED BENEFIT PROGRAMS THROUGH AN EFFECTIVE OVERSIGHT AND
EVALUATION PROGRAM.***

FY 2000 RESOURCE SUMMARY: Obligations (000): \$10,755 Full-Time Equivalents: 111

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- By the year 1999, resolve material weaknesses and improve financial systems and internal controls to maintain the integrity of the benefit trust funds totaling more than \$60 billion in annual benefit payments and OPM's appropriated and reimbursable funds.
- Ensure Federal Employees' Health Benefits and Federal Employees' Group Life Insurance contract compliance through financial and performance audits, and quality assurance standards. (Continuing)

OIG Goal 1: Independent oversight of agency programs, operations, functions, and activities is provided.

Means:

- Identify and monitor sensitive, significant, or costly agency initiatives.
- Pursue a comprehensive plan of audit in which priorities are focused on performing independent audits of OPM's financial statements, health insurance carriers and life insurance carriers.
- Perform audits, investigations, evaluations, and inspections in accordance with appropriate professional standards and applicable laws and regulations to ensure both the quality and objectivity of work.

Indicators/Performance Results:

- Number of audits, investigations, evaluations, or reviews completed. New databases being established in FY 1999 will provide baseline data for performance measures where results are not currently reported.

<i>Performance Indicators</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
<i>Insurance Audit Reports</i>	47	47	50
<i>Questioned Costs</i>	\$126M	\$95M	\$100M
<i>OIG Goals 1,2 -</i>			

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Performance Indicators	FY 1998	FY 1999	FY 2000
CFO Audit Oversight, TF	1	1	1
CFO Audit Oversight, S&E and RF	1	1	1
OIG Goals 1,2,4			
Investigative Cases Worked	628	650	680
OIG Goals 1,2,3			
Investigative Complaints Handled	1,985	2,000	2,200
OIG Goals 1,2,3 - Hotlines			
Administrative Sanctions Issued	2,926	3,125	3,300
OIG Goals 2,3			

Conduct inspections of the general administrative procedures used by local Combined Federal Campaigns (CFC) with more in-depth evaluations performed on problem areas identified either by OPM CFC program office or issues discovered through the inspections. FY 1999 is the first year that OIG will conduct these reviews using evaluative techniques. Accomplishment also applicable to OIG Goal 2.

Increase the number of rate reconciliation audits (RRA) in FY 1999 to 20 which is an increase of 42 percent over FY 1998. The RRA concept is designed to assist OPM contracting officials in negotiating the best FEHBP premium rates possible by ensuring that they have been provided with current, complete and accurate information by participating community-rated HMOs. Accomplishment also applicable to OIG Goal 2.

➤ Dollars saved, recovery rate, and return on investment.

Outlays from the retirement and insurance trust funds are highly susceptible to fraud. Working with limited resources, the OIG has achieved an impressive record of cost effectiveness in combating this fraud. For FY 1998, OIG activities resulted in recoveries and disallowed costs of \$76.4 million in favor of the trust funds. Of this amount, \$71 million is associated with FEHBP audits, \$1.9 is associated with FEHBP and retirement investigations, and \$3.5 million is associated with joint audit and investigative projects. This trust fund oversight by the OIG will continue to result in significant positive financial impact. Accomplishment also applicable to OIG Goals 2 and 4.

In addition to this financial impact, OIG audits and investigations also provided a significant deterrent against future instances of fraud, waste and abuse. Accomplishment also applicable to OIG Goals 2 and 4.

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- Audit cycle, average number of unaudited years, and lost audit years for FEHBP carriers.
- Meet Inspector General Act reporting requirements.

Prepare semiannual reports on OIG activities for the Director of OPM and Congress as required by the Inspector General Act. Accomplishment also applicable to OIG Goals 2,3 and 4.

OIG Goal 2: Assist and work with our customers and stakeholders in a spirit of cooperation.

Means:

- Identify opportunities for OPM to improve operations and put resources to better use.
- Conduct audits, evaluations, and inspections with the principal purpose of addressing the specific needs of OPM program managers.
- Provide a quick and comprehensive response to program office requests.
- Enhance teamwork and/or coordination among auditors, investigators, evaluators, the Department of Justice (DOJ), OIG's customers, stakeholders, and other parties with common goals or interests.

Indicators/Performance Results:

- Percent of recommendations agreed to and implemented by OPM management.
 - Number of audit issues or concerns regarding OPM's financial statements, programs, and administrative activity identified.
 - Number of issues addressed and/or resolved by the Quality Improvement Teams (QITs).
- The OIG participated in 3 QITs in FY 1998.*
- Number of times OIG participated in joint investigations or multi-agency task forces.

In FY 1998, OIG participated in 150 joint investigations.

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- Number of debarment inquiries.

1000 debarment inquiries processed in FY 1998.

OIG Goal 3: Fraud against OPM programs is detected and prevented.

Means:

- Promote and protect the integrity of the Federal Employees Health Benefits Program through debarment of untrustworthy health care providers.
- Target program weaknesses and develop new techniques for detecting fraud.
- Conduct objective, aggressive, thorough, and timely audits, investigations, and evaluations.
- Pursue restitution, whenever possible.
- Publicize offender convictions for deterrent effect.
- Work with program managers and legislators to improve the legal tools needed to protect OPM programs from fraud, other illegal acts or abuse.
- Utilize the Program Fraud Civil Remedies Act (31 U.S.C. 3801-3812) by investigating program fraud allegations involving false claims of up to \$150,000 and report findings and conclusions to the General Counsel, the agency reviewing officer.
- Maintain investigative hotlines as a means of receiving information regarding fraud against OPM programs.

Indicators/Performance Results:

- Number of investigations resulting in a positive disposition for the agency.

Investigative efforts in FY 1998 resulted in 22 arrests. These arrests primarily involved civil service retirement fraud. Accomplishment also applicable to OIG Goal 2.

- Number of debarments and amount of fines.

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The number of common rule debarments issued against health care providers whose actions indicated that they presented a threat to the integrity of the FEHBP rose from 1886 in FY 1997 to 2926 in FY 1998. This represents a 55 percent increase, which is attributable principally to the expanding overall level of attention being paid to health care fraud issues on a Governmentwide basis. Accomplishment also applicable to OIG goals 1 and 2. No fines were imposed during FY 1998.

- Number of referrals to the DOJ.

In FY 1998, there were 113 referrals to DOJ.

- Percentage of carriers in compliance with debarment guidelines, and the percent that have a debarment implementation plan in place.

In FY 1998, 100% of carriers have an implementation plan in place.

- Percentage of debarments and contested proposed debarments processed within established time requirements.

Under common rule debarments, 100% processed within time requirements in FY 1998.

OIG Goal 4: Overall quality assurance and oversight of OPM's programs is improved.

Means:

- Require experience-rated FEHBP carriers to expand their audits using independent public accountants (IPAs) engaged by the insurance carrier.
- Prepare an audit guide that will set forth the scope of audit requirements to be used by IPAs. Focus OIG resources on contract performance on FEHBP carriers where we have program expertise such as the allowability and allocability of administrative expenses, allowability of benefit payments, and the detection of benefit payment fraud and abuse.
- Audit all OPM financial statements to ensure compliance with government auditing standards.

Indicators/Performance Results:

- Monitor the use of IPAs.

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- Change in number of material weaknesses.

FMFLA material weaknesses increased by 1 in FY 1998.

VERIFICATION AND VALIDATION

The verification and validation mechanisms that are in place for the OIG's performance measures include:

Audit Reports Tracking System (ARTS): ARTS is a automated tracking system that provides information regarding audits of FEHBP carriers. This information is cross-referenced twice a year with information maintained by RIS in their automated tracking system and any discrepancies are resolved and agreed to by OIG and RIS. This system is currently being updated and it will meet both OIG and RIS needs. The information captured in this system is reported in the OIG's Semiannual Report to Congress.

Investigations Tracking System (ITS): ITS is an automated tracking system that provides the status and resolution of investigative activities. The information captured in this system is also reported in the OIG's Semiannual Report to Congress.

U.S. Attorney review of criminal cases: A number of the OIG's investigations are criminal in nature and forwarded to the Department of Justice for prosecution. These cases are scrutinized by the U.S. Attorney.

Administrative Sanctions: FEHBP administrative sanctions are based on information provided by the Department of Health and Human Services (HHS). The OIG informs HHS of any discrepancies that we discover with the information that they provide. The General Services Administration publishes the name and relevant information of the individuals that are sanctioned by the OIG.

Evaluations and Inspections: Program offices that request, or where the OIG imposes, an evaluation or inspection of their operations are provided with a draft report for comment. The comments provided by the program office are used to ensure the accuracy of the final report.

FY 2000 BUDGET CHANGES:

An increase of \$500,000 and 5 FTE is requested to increase the frequency of FEHBP carrier audits helping OPM progress toward an overall five year or better audit cycle. This increase is

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the second phase of a request made, and appropriated by Congress, for FY 1999. These additional funds will be used to finance the salaries and benefits for the increased FTE, audit travel expenses, training for the new staff, and necessary ADP equipment and supplies.

Description of Issue:

The preferred audit cycle for carriers that participate in the FEHBP ranges between three and five years. The Office of the Inspector General believes that high risk carriers (based on relative size and past audit experience) should be audited at least every three years while the remaining carriers should be audited no less than every five years. Any cycle longer than five years exposes the FEHBP to the risk of substantial loss because contractual provisions and federal regulations limit retention of FEHBP administrative records to five years.



FISCAL YEAR 2000 BUDGET JUSTIFICATION

U. S. OFFICE OF SPECIAL COUNSEL
1730 M Street, N.W.
Washington, D.C. 20036

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U. S. OFFICE OF SPECIAL COUNSEL

Fiscal Year 2000 Budget Justification

I. Introduction and Summary

The U.S. Office of Special Counsel (OSC) is an independent federal investigative and prosecutorial agency. Under the Civil Service Reform Act (CSRA) and the Whistleblower Protection Act (WPA), the OSC's primary mission is to safeguard the merit system in federal employment by protecting federal employees and applicants from prohibited personnel practices, especially reprisal for whistleblowing. The OSC also has jurisdiction under the Hatch Act to enforce restrictions on political activity by government employees. Finally, the OSC facilitates disclosures of wrongdoing in federal government by operating a secure channel for whistleblowers.

FY 1998 was a transitional year for OSC, with the arrival of a new Special Counsel, Elaine Kaplan, during the second half of the year. Shortly after taking office, Special Counsel Kaplan convened senior staff and led an intensive review of the practices and procedures followed by each of the OSC program and support units. The review focused on eliminating existing procedural and systemic inefficiencies, with an eye towards positioning OSC to more aggressively enforce the statutes within its jurisdiction and conduct more systematic and extensive outreach and education of federal employees.

As a result of the review, a number of significant program deficiencies were highlighted, foremost among them a significant backlog of matters pending at the agency. The backlog has resulted in unacceptably long delays in resolving complaints. It has also often made it extremely difficult or impossible for OSC staff to find the time to personally communicate with individuals who have filed complaints, particularly in early stages of complaint intake (which, for most complainants, represents their only contact with OSC).

The extended delays in processing at OSC, and the lack of ongoing communication with OSC's customers, undermine public confidence in the agency. These problems have long been a matter of grave concern to Congress. For example, from the very beginning, as to disclosure matters, OSC has been under a statutory mandate to make its initial determination whether there is a "substantial likelihood" that the information constitutes wrongdoing covered under §1213(a), within 15 days. 5 U.S.C. §1213(b). Similarly, in 1989, in the WPA, Congress also required OSC to periodically communicate at specific intervals with individuals who have matters pending before it. 5 U.S.C. §1214(a)(1)(B) and (C).

More recently, as part of its commitment to whistleblower protection, and in response to widespread criticism, in 1994 Congress imposed upon OSC a 240-day deadline for processing and investigation of prohibited personnel practice complaints, including complaints of reprisal

for whistleblowing. 5 U.S.C. §1214(b)(2)(A)(I). Indeed, whistleblowers also have the option, if their complaint is not processed within 120 days, of bypassing OSC and going directly to the MSPB on their own with an Individual Right of Action (IRA). 5 U.S.C. §1214(a)(3)(B).

The OSC has been unable to meet these statutory deadlines in the majority of cases. Further, when the new Special Counsel took the helm last May, OSC's reports to complainants were too often in the form of standardized letters, which did not provide meaningful information to its customers.

As a result of the intensive program review led by Special Counsel Kaplan, several reforms have been devised and are now being implemented to begin correcting these program weaknesses. The primary goal of these reforms is to set in place more efficient case-handling procedures, so that the case backlogs can be eliminated over time. Chief among these is the creation of teams within each of the operating units to more quickly identify meritorious cases, so that scarce resources can be devoted to these cases earlier. Additional detail on the reforms now being implemented is set forth *infra* at pages 13-14.

The recent management review also crystallized, however, that meaningful reform of the deficiencies in OSC's operations, especially elimination of the case backlogs, is heavily dependent on increases in budget and staffing authority. Existing staff levels are simply inadequate to resolve the backlogs of cases that have arisen over the last five years. Accordingly, this budget request assumes a temporary staffing increase of five additional FTE.

II. The Office of Special Counsel

A. Statutory Background

The Office of the Special Counsel was established on January 1, 1979, by Reorganization Plan Number 2 of 1978. 5 U.S.C.A. App.1, §204, at p. 471. The Civil Service Reform Act (CSRA) of 1978, effective on January 11, 1979, enlarged its functions and powers. Pub. L. No. 95-454, 92 Stat. 1111 (1978). The Office operated as the autonomous investigative and prosecutorial arm of the Merit Systems Protection Board (MSPB) until 1989, enforcing the laws concerning prohibited personnel practices (PPPs) as well as the legal limitations on political activity by federal employees contained in the Hatch Act.

In March of 1989, Congress enacted the Whistleblower Protection Act (WPA) of 1989. Pub. L. No. 101-12, 103 Stat. 16 (1989). The WPA established the Office of the Special Counsel as an independent agency within the Executive Branch, separate from the MSPB, and it was renamed the United States Office of Special Counsel. Under the WPA, OSC kept its basic investigative and prosecutorial functions and its role in litigating cases before the MSPB. The WPA also substantially amended the CSRA to enhance protections against reprisal for those employees who disclose wrongdoing in the federal government, and improve the ability of OSC to enforce those protections.

Five years after passage of the WPA, Congress enacted the Office of Special Counsel Reauthorization Act of 1994. Pub. L. No. 103-424, 108 Stat. 4361 (1994). In response to widespread criticism concerning inordinate delays in the processing of complaints by OSC, Congress imposed a 240-day time limit on the agency, within which it is required to determine whether there are reasonable grounds for believing a prohibited personnel practice has been committed. The 1994 legislation also added approximately 160,000 employees of the Veterans Administration and certain government corporations to coverage under the statutes administered by OSC, as well as significantly broadened the definitions of the types of personnel actions covered under these statutes.¹ Finally, the 1994 legislation made federal agencies explicitly responsible for informing their employees of available rights and remedies under the WPA, and directed that OSC play a consultative role in that process.

B. OSC's Mission

OSC's mission is to protect federal employees and applicants, especially whistleblowers, from prohibited employment practices; to promote compliance by government employees with legal restrictions on political activity; and to facilitate disclosures of wrongdoing in the federal government. The OSC carries out this mission by:

- investigating complaints of prohibited employment practices, especially reprisal for whistleblowing, and pursuing remedies for violations;
- providing advisory opinions on, and enforcing, the Hatch Act;
- protecting the re-employment rights of veterans under the Uniformed Services Employment and Reemployment Rights Act (USERRA);
- operating an independent and secure channel for disclosure and investigation of wrongdoing in federal agencies; and
- promoting greater understanding of the rights and responsibilities of government employees under the statutes enforced by OSC.

¹ The "Uniformed Services Employment and Reemployment Rights Act" (USERRA), Pub. L. No. 103-353, 108 Stat. 3149 (1994) (codified at 38 U.S.C. 4301), also enacted in 1994, gave the OSC additional responsibilities. Among other provisions, the Act authorized the OSC, under certain circumstances, to represent a federal employee who is a veteran or reservist before the MSPB and the U.S. Court of Appeals for the Federal Circuit, if a federal agency has failed to reemploy that person in accordance with provisions of the law.

C. Case Processing Procedures

1. Prohibited Personnel Practices

Most of OSC's staff resources are devoted to the processing of complaints alleging the commission of prohibited personnel practices, including reprisal for whistleblowing. In general, such complaints are processed as follows:

A. Complaints Examining Unit (CEU): CEU receives all allegations of prohibited personnel practices. CEU performs an initial review of complaints to determine whether they are within OSC's jurisdiction and whether further investigation is warranted. Complaints examiners usually make their determinations solely on the basis of the documentation and information submitted by complainants. Matters stating a potentially valid claim are referred by CEU to the Investigation Division. Where a matter is not referred for investigation, CEU provides the complainant with a written statement of reasons, to which he or she may respond. On the basis of the response, if any, CEU makes a determination whether to finalize its closure decision, or refer the matter to the Investigation Division.

B. Investigation Division: The Investigation Division conducts a thorough inquiry into matters referred by CEU. The investigations include in-depth interviews with complainants, witnesses, and the persons alleged to have committed the prohibited personnel practices, and review of all relevant documents. Investigations are conducted by investigators in consultation with attorneys from the Prosecution Division, using a team approach. While matters are pending in the Investigation Division, attempts may be made to negotiate settlements and obtain informal corrective actions to resolve the complainants' issues. Where a matter is not resolved informally, the investigator prepares a report or summary of investigation, which is transmitted to the Prosecution Division.

C. Prosecution Division: The Prosecution Division reviews completed investigations to determine whether the inquiry has established any violation of law, rule or regulation, and whether the matter warrants corrective or disciplinary action, or both.² OSC attorneys generally first attempt to obtain resolution of complainants' issues informally. If a violation of law is found and informal resolution is not possible, the Special Counsel may refer the matter in writing to the agency head under 5 U.S.C. § 1214(b)(2)(B) with a recommendation for corrective action. If an agency declines to take corrective action, the Special Counsel may file a petition for corrective action with the MSPB under § 1214(b)(2)(C). If the Special Counsel determines that an apparent violation warrants disciplinary action, the OSC files charges against the offending employee under § 1215(a) and prosecutes the case before the MSPB.

² Corrective action seeks a remedy for any injury to the individual complaining employee, such as back pay or reinstatement, while disciplinary action seeks to impose discipline on the perpetrator of the prohibited personnel practice.

Where an investigation discloses a violation of any law, rule or regulation not otherwise within the enforcement authority of the OSC, the Special Counsel sends a report of the OSC's findings to the agency head concerned under § 1214(e) for certification of any action to be taken on the matter. The OSC reports evidence of any possible criminal violations identified during an investigation to the Department of Justice pursuant to § 1214(d).

At any time during its processing of a case, the OSC may seek a stay of any personnel action if the available evidence provides reasonable grounds to believe that the personnel action was taken, or is to be taken, as a result of a prohibited personnel practice. The OSC may obtain a stay upon direct request to the agency concerned, or by filing a request for a stay with the MSPB under § 1214(b)(1). Also, the Special Counsel may, pursuant to § 1212(c), intervene as a matter of right or otherwise participate in any proceeding before the MSPB, except that the Special Counsel may not intervene in a proceeding brought under § 1221 or 5 U.S.C. § 7701 without the consent of the individual initiating the proceeding.

2. Hatch Act

The Hatch Act Unit, a part of the Prosecution Division, is responsible for administration of the Hatch Act's restrictions on federal employee political involvement. Last year, the Unit provided more than 2,000 advisory opinions, enabling individuals to determine whether they are covered by the Hatch Act, and whether their contemplated activities are permitted under the Act. The Hatch Act Unit also enforces compliance with the Act, receiving complaints alleging Hatch Act violations, and, where warranted, referring the complaints to the Investigation Division for further inquiry. Depending on the severity of the violation, the Hatch Act Unit will either issue a warning letter to the employee, or bring a prosecution before the MSPB.

3. Disclosure Cases

In addition to its investigative and prosecutorial mission, the OSC provides a safe channel through which federal employees, former federal employees, or applicants for federal employment may, under 5 U.S.C. 1213(a), disclose information they reasonably believe evidences a violation of law, rule, or regulation, or gross mismanagement, gross waste of funds, abuse of authority, or a substantial and specific danger to public health or safety. The Disclosure Unit is responsible for reviewing the information submitted by the whistleblower, and advising the Special Counsel whether it reveals a substantial likelihood that the type of wrongdoing described in §1213(a) has occurred or is occurring. Where a positive determination is made, the Special Counsel must transmit the disclosure to the head of the relevant agency for further action. The agency is required to conduct an investigation and submit a report to OSC describing the results of the investigation and the steps taken in response to the investigative findings. Under §1213(e), the whistleblower is also provided with a copy of the report for comment. The Special Counsel then reviews the report, determines whether it meets the requirements of the statute, and forwards it to the President and appropriate Congressional oversight committees, as well as the General Accounting Office.

III. Summary of FY 1998 Program Activity

Prohibited Personnel Practice Matters

Receipts and Investigations

During FY 1998, OSC received 1,721 new matters alleging prohibited personnel practices (PPPs) with 3,400 separate allegations. Of the 1,938 matters processed by CEU in FY 1998, OSC lacked jurisdiction in 299 of the matters, leaving 1,639 matters in which the agency was authorized by statute to conduct an inquiry. Following CEU review, 260 matters were referred for field investigation. In addition, following initial review and inquiry, CEU closed 1,678 matters because there was insufficient basis for further OSC action, or because of satisfactory resolution of an employee's complaint during the initial review. The types of PPP allegations received in FY 1998 and the types of PPP allegations referred for field investigation are included in Tables 3 and 4 on pages 9 and 10.

Enforcement Actions

Enforcement actions are cases filed by OSC with the MSPB that seek corrective action (relief intended to make an aggrieved employee whole), or disciplinary action (the imposition of discipline on an employee who has committed a violation). Under 5 U.S.C. § 1214, before OSC may initiate proceedings for corrective action before the MSPB, the OSC must report its findings and recommendations to the agency involved. Only when the agency has had a reasonable period of time to take corrective action and fails to do so, may OSC proceed to petition the Board for corrective action.

If OSC believes a PPP has been committed and initiates discussions with the agency, the matter is often resolved through settlement between the complainant and the agency. When an agency refuses to grant appropriate corrective action after a formal request from the Special Counsel, OSC generally proceeds immediately to file a complaint with the MSPB. In addition to rectifying the matter at issue, corrective action litigation often has the additional benefits of clarifying and expanding existing law, and of bringing greater public attention to the mission and the work of the OSC. This significantly increases the deterrent effect of OSC's efforts. In FY 1998, OSC filed three enforcement action complaints with MSPB -- two in a PPP matter, the other in a reprisal for whistleblowing matter.

Under 5 U.S.C. § 1215, when OSC determines that disciplinary action against an employee is warranted, OSC can file a complaint directly with the MSPB. Should the agency agree to take appropriate disciplinary action on its own initiative, then the matter can be settled without resort to an MSPB proceeding.

Favorable Actions Achieved

OSC also obtained 65 favorable actions³ in 54 PPP matters in FY 1998. Of these favorable actions, 57 represented corrective actions and 8 were disciplinary actions, with cases involving allegations of reprisal for whistleblowing accounting for 42 of the total favorable actions.

Table 1

Summary of Prohibited Personnel Practice Matters			
	FY 1996	FY 1997	FY 1998
Matters received	1,785	1,841	1,721
Matters processed by Complaints Examining Unit (CEU)	1,628	2,127	1,938
Matters processed in which OSC had jurisdiction	1,338	1,816	1,639
Matters closed by CEU	1,405	1,858	1,678
Matters referred for full field investigation	223	269	260
Enforcement actions	1	1	3
Stays - negotiated	10	13	10
Stays - obtained from the MSPB	3	4	0
Favorable actions obtained	87	82	65

³ "Favorable actions" include actions taken to directly benefit the complaining employee; actions taken to punish, by disciplinary or other corrective action, the supervisor(s) involved in the personnel action; and systemic actions, such as training or educational programs, to prevent future questionable personnel actions. The term encompasses: (1) those actions taken by an agency pursuant to a written request for corrective action by the Special Counsel; (2) actions taken by an agency at the request of the OSC as a settlement of a PPP complaint in advance of a written request for corrective action by the Special Counsel; or (3) actions taken by an agency with knowledge of a pending OSC investigation, which satisfactorily resolve those matters under inquiry by the OSC.

Table 2

Summary of Whistleblower Reprisal Matters			
	FY 1996	FY 1997	FY 1998
Matters received	672	817	691
Matters processed by CEU	566	891	863
Matters processed in which OSC had jurisdiction	513	807	774
Matters closed by CEU	405	673	656
Matters referred for full field investigation	161	218	207
Enforcement actions	1	0	1
Stays - negotiated	7	12	8
Favorable actions obtained	61	56	42

Table 3

Allegations Contained in Matters Received During FY 1998	
Nature of Allegation	Number of Allegations
Reprisal for whistleblowing [§2302(b)(8)]	703
Reprisal for exercise of a right of appeal [§2302(b)(9)]	599
Discrimination on the basis of race, color, sex, national origin, religion, age, or handicapping condition [§2302(b)(1)(A)-(D)]	530
Violation of a law, rule or regulation implementing or concerning a merit system principle [§2302(b)(11)]	525
Disclosures of alleged violation of a law, rule or regulation, or gross mismanagement, gross waste of funds, abuse of authority, or a danger to public health or safety [§1213(c) or §1213(g)]	519
Granting of unauthorized preference or advantage [§2302(b)(6)]	373
Deception or obstruction of the right to compete [§2302(b)(4)]	221
Allegations which did not cite or suggest any prohibited personnel practice or prohibited activity	154
Discrimination on the basis of non-job related conduct [§2302(b)(10)]	105
Appointment, promotion, or advocating the appointment or promotion of a relative [§2302(b)(7)]	55
Attempts to secure withdrawal from competition [§2302(b)(5)]	37
Arbitrary or capricious withholding of information requested under the Freedom of Information Act [§1216(a)(3)]	35
Solicitation or consideration of unauthorized recommendations [§2302(b)(2)]	31
Discrimination on the basis of marital status or political affiliation [§2302(b)(1)(E)]	25
Violation of the Hatch Act by a federal employee [§§7323-24]	16
Violation of the Hatch Act by a state or local government employee [5 U.S.C. ch. 15]	11
Coercion of political activity [§2302(b)(3)]	5
Other activities allegedly prohibited by civil service law, rule or regulation [§1216]	<u>2</u>
Total	3,946⁴

⁴ Each matter may contain more than one allegation. Thus, this total exceeds the total number of matters received. Moreover, while a matter is being handled by OSC, additional allegations may be added to those initially presented to OSC.

Table 4

Allegations Contained in Matters Referred for Field Investigation During FY 1998	
Nature of Allegation	Number of Allegations
Reprisal for whistleblowing [§2302(b)(8)]	198
Reprisal for exercise of a right of appeal [§2302(b)(9)]	136
Violation of a law, rule or regulation implementing or concerning a merit system principle [§2302(b)(11)]	82
Granting of unauthorized preference or advantage [§2302(b)(6)]	40
Deception or obstruction of the right to compete [§2302(b)(4)]	25
Discrimination on the basis of non-job related conduct [§2302(b)(10)]	23
Discrimination on the basis of race, color, sex, national origin, religion, age, handicapping condition, or marital status [§2302(b)(1)(A)-(E)]	15
Appointment, promotion, or advocating the appointment or promotion of a relative [§2302(b)(7)]	7
Arbitrary or capricious withholding of information requested under the Freedom of Information Act [§1216(a)(3)]	5
Securement of withdrawal from competition [§2302(b)(5)]	5
Violation of the Hatch Act by a federal employee [5 U.S.C. ch. 15]	4
Solicitation or consideration of unauthorized recommendations [§2302(b)(2)]	4
Violation of the Hatch Act by a state or local government employee [5 U.S.C. ch. 15]	<u>2</u>
Total	546⁵

Hatch Act Matters

Advisory Opinions

OSC's Hatch Act Unit continues to be a source of significant activity at OSC. During FY 1998, the OSC issued 2,124 advisory opinions in response to telephone and written inquiries, and responded to an additional 220 E-mail inquiries.

⁵ Each matter may contain more than one allegation. Thus, this total exceeds the total number of matters actually referred for field investigation. Moreover, while a matter is being handled by OSC, additional allegations may be added to those initially presented to OSC.

Violations and Enforcement

During FY 1998, OSC received 83 new matters alleging violations of the Hatch Act. Following initial review by the Hatch Act Unit, six matters were referred for field investigation.⁶

Eight Hatch Act cases went to hearing before the MSPB during FY 1998. During this period, the MSPB issued two rulings in other previously filed matters, rulings which were favorable to OSC. In addition, OSC issued 20 warning letters during this period.

Table 5

Summary of Hatch Act Matters			
	FY 1996	FY 1997	FY 1998
Advisory opinions issued	3,578	1,700	2,124
Matters received	108	75	83
Matters referred for investigation	12	11	6
Disciplinary action complaints filed with MSPB	3	3	0
Disciplinary actions obtained before MSPB and through negotiation	2	3	5
Warning letters issued	26	24	20

Whistleblower Disclosures

In addition to its investigative and prosecutorial mission, OSC provides a safe channel through which federal employees, former federal employees, or applicants for federal employment may disclose information they reasonably believe evidences a violation of law, rule, or regulation, or gross mismanagement, gross waste of funds, abuse of authority, or a substantial and specific danger to public health or safety. 5 U.S.C. § 1213(a).

During FY 1998, OSC received 331 disclosure matters for possible referral to the agency concerned under §§ 1213(c) or 1213(g).⁷ In addition, 244 disclosure matters were carried over from FY 1997. A disclosure matter usually contains multiple allegations of a violation of law, rule or regulation, gross mismanagement, gross waste of funds, abuse of authority, or a substantial and specific danger to public health or safety.

⁶ The Hatch Act allegations received in FY 1998 and the Hatch Act allegations referred for field investigations appear in Tables 3 and 4 on pages 9 and 10.

⁷ The number of disclosure allegations received in FY 1998 appears in Table 3 on page 9.

Table 6

Summary of Disclosure Matters			
	FY 1996	FY 1997	FY 1998
Matters received	341	306	331
Disclosures referred for investigation and a report under § 1213(c)	30	14	2
Disclosure allegations referred to agency Inspectors General	82	72	65
Disclosure allegations closed due to lack of sufficient basis for further action	154	206	247
Remaining disclosures carried over to next fiscal year for completion of review	212	244	257

Office of Special Counsel Outreach Program

OSC puts great weight on the value of educating federal employees as to their rights and remedies under the WPA, as well as the rights and restrictions of the Hatch Act. To that end, OSC makes representatives available to federal agencies and professional associations to engage in educational programs as often as possible. In FY 1998, OSC's outreach efforts resulted in OSC staff participation in 44 briefings and seminars.

IV. OSC's Strategic Plan and Annual Performance Plan

A. Program Review

As discussed above, shortly after taking office, Special Counsel Kaplan convened an intensive review of the operations of OSC overall, as well as the functioning of each case processing unit. That program review focused particularly on the backlog of cases in each unit. One cause of the delays in case processing is that the individual processing units have never operated under any case processing goal that is directly tied to the 240-day Congressional mandate.

In addition to the backlog problem, the management review uncovered the following deficiencies:

- Relatively weak or minor cases consume an excessive amount of agency resources, due to a failure to identify meritorious or significant cases quickly enough.
- Lack of any established litigation program to intervene or file amicus briefs in cases in which whistleblower protection law might be advanced.
- A reactive outreach program, with no systematic program in place to educate federal employees about their rights and responsibilities under merit system principles or assist agencies in conducting such training, as required by law.

B. Reform Measures

The intensive management review also focused on devising and implementing reforms to begin correcting these program weaknesses. Highlights of these reforms include:

- Creating teams within the Complaints Examining Unit to more quickly distinguish between meritorious and non-meritorious complaints.
- To free up scarce resources to devote to significant and meritorious cases, creating a team within the Investigation Division to handle complaints involving less serious personnel actions on an accelerated basis, and development of streamlined investigation procedures for these matters.
- Streamlining certain written documentation requirements to eliminate unnecessary paperwork, without impacting on the substance of the information provided to complainants.
- Creating a mechanism within the Prosecution Division to identify cases in which intervention or an amicus appearance might be appropriate in order to achieve favorable developments in whistleblower protection law.
- Forming a working group to design and oversee the implementation of a strategic approach to OSC outreach program activities. That group has already:

-Revised OSC's basic informational brochure.

-Overhauled and moved "in-house" OSC's Internet Web site, which contains comprehensive information on agency operations and, for the first time, complaint forms which can be downloaded. Recently, the Web site has been heavily used, averaging over 9,000 "hits" monthly.

It is currently:

- Overseeing the development of improved educational materials, and coordination with agencies and employee organizations to ensure that those materials are widely available for employee training programs.
- Developing a coordinated program through which OSC personnel can assist agencies in conducting their own training.

During FY 1997, the OSC developed its first strategic plan under the Government Performance and Results Act (the "Results Act"), consulted with the appropriate agencies and congressional committees, and submitted the plan to OMB for review. In connection with the recent management review convened by Special Counsel Kaplan, OSC has modified that strategic plan.

Consistent with its revised strategic plan under the Results Act, OSC's strategic goals are:

- To consistently provide high quality services that expeditiously resolve matters brought before OSC within the time guidelines set by Congress.
- To fulfill Congressional intent that OSC take an aggressive role in protecting federal employees from prohibited personnel practices, particularly those who have suffered reprisal for whistleblowing.
- To raise federal employees' and managers' awareness of their rights and responsibilities under the statutes enforced by OSC.
- To develop and maintain OSC's human resources, systems and processes to support a continually improving, highly effective organization with the vigor to meet demanding program needs.

C. FY 2000 Annual Performance Plan

In furtherance of its responsibilities, and the goals and objectives set forth in the agency's strategic plan, the OSC performance goals for FY 2000 are as follows:

Annual Performance Goal 1:

Reduce the backlog of overage matters within each OSC program unit.

In the first quarter of FY 1999, OSC has implemented a wide range of case handling improvements identified during the recent comprehensive management review, to maximize the productivity of current staff. These efficiencies should help the OSC to begin reducing the case backlogs in FY 1999.

The OSC management review, however, also crystallized the fact that improved systemic efficiencies alone cannot resolve the longstanding and persistent backlog of overage cases. This is why the agency's FY 2000 budget request includes additional staffing resources.

Annual Performance Goal 2:

Implement an Administrative Dispute Resolution program to provide a less formal means to efficiently resolve prohibited personnel practice complaints.

OSC has begun designing a pilot project to test the impact of Alternative Dispute Resolution (ADR) techniques on the disposition of prohibited personnel practice matters. We expect to initiate the program in FY 1999 and data from it should be a useful component in efforts to develop and refine a more permanent ADR program during FY 2000. It is anticipated that the use of ADR procedures in appropriate cases will reduce the number of matters that require a full investigation and the use of prosecutorial resources.

Annual Performance Goals 3, 4, and 5:

File more petitions before the MSPB seeking corrective and/or disciplinary action in cases in which an impartial investigation reveals reasonable grounds to believe that a prohibited personnel practice has been committed.

Informally seek more stays, corrective actions, and disciplinary actions in cases in which an impartial investigation reveals reasonable grounds to believe that a prohibited personnel practice has been committed.

Identify and enter appearances in cases in which OSC's expertise could favorably influence the development of whistleblower protection law.

During the 1994 reauthorization of OSC, concerned members of Congress consistently criticized OSC for failing to adequately protect many whistleblowers with apparently meritorious cases, or to be sufficiently aggressive in advancing the development of the law under the 1989 Whistleblower Protection Act. Accordingly, the purpose of these goals is to give additional emphasis to bringing more meritorious cases, and to more aggressively shaping whistleblower protection law through amicus and intervention opportunities.

Annual Performance Goal 6:

Implement an improved training and communication program based on the results of the FY 1999 survey of employing agencies' compliance with Congressionally mandated training requirements, together with the development of enhanced training and education materials for use by OSC and employing agencies.

In 1994, the Congress mandated that all executive agencies inform their employees of the rights and remedies available to them under the Whistleblower Protection Act, and that OSC serve as their consultant in meeting this requirement. See 5 U.S.C. § 2302(c). Preliminary survey data indicate, however, that employing agencies have done little, if anything, to implement this mandate. This mandate is crucial, of course, because increased training should result in fewer prohibited personnel practices, and less need to seek OSC's intervention.

V. Fiscal Year 2000 Request

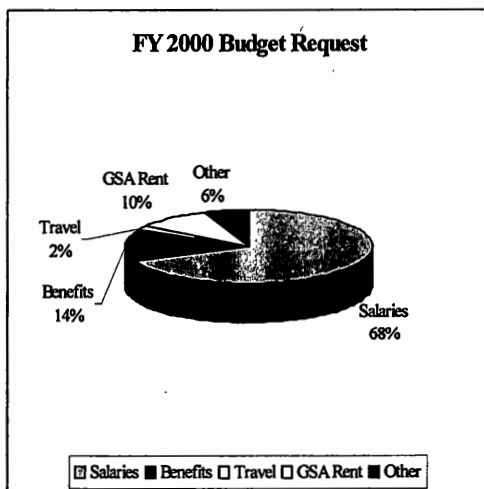
The OSC is requesting \$9,740,000 and 96 FTE positions for FY 2000. This represents an increase of \$1,020,000 over the OSC's FY 1999 appropriation of \$8,720,000 (an additional \$100,000 was later apportioned to OSC to address Y2K readiness). A large percentage of this increase, \$442,582 (43.4 percent), is necessary to fund the agency at its current level of FTEs and to pay for the projected FY 2000 salary increase of 4.4 percent.

Funding for the five additional FTE comprises the next largest portion - \$324,570, or 31.8 percent of our request. Only \$19,250 of this amount is for new equipment, software, and costs directly related to the additional FTE. The other \$305,320 is for salaries and benefits related to the five additional FTE.

The General Services Administration notified us that our estimated rent for FY 2000 would increase by 23.2 percent over FY 1999. This represents the third largest portion of our increase, \$186,637, or 18.3 percent of our request. The balance of our request, \$66,211, or 6.5 percent of our request, represents slight increases in the other categories, e.g., travel and other services.

Salaries, benefits, GSA rent, and travel for conducting investigations make up 94 percent of the OSC's budget request. The chart to the right shows how the FY 2000 request will be distributed on a percentage basis.

Object classification data is shown in Table 7, *Object Classification*. Budget authority and outlay data can be found in Table 8, *Analysis of Resources, FY 1998 Through FY 2000*, starting on page 17.



The estimate of the OSC's anticipated workload can be found in *Table 9, Allegations Received*, on page 18, and *Table 10, Allegations Processed*, on page 19.

Table 11, Breakdown of All Matters, Pending and Completed, shows the number of all new matters received from FY 1995 through FY 1998. It should be noted that while the new matters category includes Disclosure Unit matters, it does not include Hatch Act advisory opinion requests.

Table 7

Object Classification FY 1998 Through FY 2000 (in thousands of dollars)			
Object Classification	Actual FY 1998	Est FY 1999⁸	Est FY 2000
11.1 Personnel compensation	5,473	6,071	6,665
12.1 Civilian personnel benefits	1,099	1,238	1,362
21.0 Travel and transportation of persons	207	148	188
22.0 Transportation of things	9	10	10
23.1 Rental payments to GSA	745	768	947
23.3 Communications, utilities, and miscellaneous charges	148	143	180
24.0 Printing and reproduction	14	12	10
25.0 Other services	325	205	284
26.0 Supplies and materials	145	81	72
31.1 Equipment	260	144	22
42.0 Claims and Indemnities	<u>1</u>	<u>0</u>	<u>0</u>
99.9 Total	8,426	8,820	9,740

⁸ The estimate for FY 1999 includes a supplemental \$100,000 for Year 2000 (Y2K) related expenses.

Table 8

Analysis of Resources FY 1998 Through FY 2000 (in thousands of dollars)			
Description	Actual FY 1998	Est FY 1999⁹	Est FY 2000
Budget authority	8,426	8,820	9,740
Outlays	8,005	8,379	9,253
Full-time equivalent employment (workyears)	86	91	96

Table 9

Allegations Received and Anticipated¹⁰ FY 1998 Through FY 2000			
Description	Actual FY 1998	Est FY 1999	Est FY 2000
Reprisal for whistleblowing	703	735	750
Hatch Act	27	30	30
Other personnel practices	<u>3,216</u>	<u>3,220</u>	<u>3,240</u>
Total Allegations Received and Anticipated	3,946	3,985	4,020

⁹ The estimate for FY 1999 includes a supplemental \$100,000 for Year 2000 (Y2K) related expenses.

¹⁰ The category "other prohibited personnel practices" includes disclosures of alleged violations of a law, rule or regulation, and other wrongdoing. In addition, each matter may contain more than one allegation. Thus, the total number of allegations exceeds the total number of matters received.

Table 10

Allegations Processed¹¹ FY 1998 Through FY 2000			
Description	Actual FY 1998	Est FY 1999	Est FY 2000
Reprisal for whistleblowing	850	860	870
Hatch Act	43	45	45
Other allegations	<u>3,617</u>	<u>3,625</u>	<u>3,650</u>
Total Allegations Processed	4,510	4,530	4,565

Table 11

Breakdown of All Matters, Pending and Completed FY 1995 Through FY 1998				
Description	FY 1995	FY 1996	FY 1997	FY 1998
Matters pending at beginning of year	1,119	1,110	1,402	1,182
New matters	2,280	2,234	2,224	2,135
Matters closed	2,289	1,942	2,444	2,280
Matters pending end of year	1,110	1,402	1,182	1,037

¹¹ Allegations processed is the same as allegations closed. As with the previous table, each matter may contain more than one allegation. Thus, the total number of allegations exceeds the total number of matters received.

UNITED STATES TAX COURT

BEFORE THE SUBCOMMITTEE ON TREASURY, POSTAL SERVICE,
AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
U. S. HOUSE OF REPRESENTATIVES

Statement by Chief Judge Mary Ann Cohen on the U.S. Tax Court's
Appropriation Request and Program for Fiscal Year 2000

March 16, 1999

Mr. Chairman and members of the Committee, I present for your consideration the appropriation request of the United States Tax Court for fiscal year 2000.

FISCAL YEAR 2000 BUDGET REQUEST

The Tax Court's fiscal year 2000 budget request is for \$36,489,000 and 335 permanent positions. This amount represents an increase of \$3,724,000 from the fiscal year 1999 appropriation of \$32,765,000.

These increases include the following items for fiscal year 2000: \$399,000 is required to finance the salaries and benefits associated with the anticipated appointment of two new special trial judges and the additional staff personnel; \$154,000 will be required to finance promotions and \$122,000 will be required for within-grade salary increases for employees who will be eligible for advancement to the next step in salary during the year; \$176,000 is required to provide for annualization and increased personnel related benefits; for fiscal year 2000 pay raise effective in January, 2000 will require an increase of \$397,000; \$841,000 to modify and refine the automated case management system as required to comply with legislative changes as well as upgrading the present operating system; \$250,000 is required for transportation and subsistence expenses associated with the appointment of two special trial judges and increased travel associated with the new jurisdiction; \$488,000 is required to finance higher rent payments to GSA, and \$897,000 is required to cover the costs associated with transportation of things (\$47,000), communication (\$2,000), mail (\$40,000), miscellaneous contracts (\$347,000), increased reporting requirements (\$119,000), supplies (\$104,000), and equipment replacement (\$198,000).

The Court's request is simply to fund the normal day-to-day operations of processing cases from the time of filing through trial and final decision.

INVENTORY OF THE U.S. TAX COURT

Any discussion of the Court's workload must emphasize that, at the present time, the Tax Court handles approximately 95% of all substantive tax litigation in the Federal courts. As the Committee knows, it is the only court where taxpayers can litigate their cases without prior payment of a tax deficiency determined by the Internal Revenue Service. Proceedings in the Tax Court are begun by the filing of a petition by a taxpayer who has been issued a notice from the Commissioner of Internal Revenue determining a deficiency in tax. The Tax Court has no control over issuance of the notices.

The Court, however, anticipates a radical turnaround for fiscal year 2000 and is estimating that 100,000 new cases will be filed in that year. This is the result of Public Law 105-206, The Internal Revenue Service Restructuring and Reform Act of 1998. This Act conferred new jurisdiction on the court in a number of different areas, two of which involve actions for innocent spouse relief and judicial review of adverse determinations relating to liens and levies. Both of these areas may generate a major increase in the Court's workload, particularly the lien/levy area. For fiscal year 1997 the Internal Revenue Service processed a total of 4.2 million liens and levies. The Court has chosen to estimate that only 2% of the taxpayers subject to these collection actions may seek judicial review by this Court. Unfortunately it is impossible to forecast with any degree of accuracy what will actually happen. It may turn out that our estimate is much too low.

During fiscal year 1998, the number of cases filed with the Court decreased 18% from the previous year, from 25,955 cases filed in fiscal year 1997 to 21,185 cases filed in fiscal year 1998. The Court closed fiscal year 1998 with 23,138 cases pending, a 16% reduction from September 30, 1997.

SUMMARY

The Tax Court inventory is substantial and will continue to be so because of its unique jurisdiction. The Tax Court's goal is to resolve cases expeditiously while giving careful consideration to the merits of each matter. The Court is also committed to providing taxpayers with a convenient forum for trial and simplifying the presentation of disputes involving relatively small amounts of tax dollars. The goals, as always, will remain constant as the Court endeavors to function as a safety valve in the self-assessment system, to assure a uniform interpretation of the Internal Revenue Code, and to provide a national forum for the resolution of disputes between the taxpayers and the Internal Revenue Service.



**UNITED STATES
TAX COURT**

**Fiscal Year 2000
Budget Justification**

**Mary Ann Cohen
Chief Judge**

UNITED STATES TAX COURT
FISCAL YEAR 2000 BUDGET ESTIMATES
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INTRODUCTION

The United States Tax Court is a Court of record established under Article I of the Constitution of the United States. The Court is composed of a Chief Judge and eighteen judges. Judges of the Tax Court are appointed by the President, by and with the advice and consent of the Senate, for 15 year terms. Decisions by the Court are reviewable by the United States Courts of Appeals and, if certiorari is granted, by the Supreme Court.

In their judicial duties, the judges are assisted by Senior Judges, who participate in the adjudication of regular cases, and by Special Trial Judges, who hear small tax cases and certain regular cases assigned to them by the Chief Judge. During fiscal year 2000, the Court anticipates having seven Senior Judges and thirteen Special Trial Judges serving on the Court.

The Court conducts trial sessions throughout the United States, including Hawaii and Alaska.

The matters over which the Court has jurisdiction are set forth in various sections of Title 26 of the U.S. Code.

**SALARIES AND EXPENSES
APPROPRIATION LANGUAGE**

For necessary expenses, including contract reporting and other services as authorized by 5 U.S.C. 3109; [~~\$32,765,000~~] \$36,489,000: Provided, That travel expenses of the judges shall be paid upon the written certificate of the judge.

(Independent Agencies Appropriations Act, 1999, as included in Public Law 105-277, section 101(h).)

INVENTORY OF THE U.S. TAX COURT

During fiscal year 1998, the number of cases filed with the Court decreased 18% from the previous year, from 25,955 cases filed in fiscal year 1997 to 21,185 cases filed in fiscal year 1998. The Court closed fiscal year 1998 with 23,138 pending cases, a 16% reduction from September 30, 1997.

The number of cases filed, closed, and pending the last ten fiscal years is as follows:

<u>FISCAL YEAR</u>	<u>FILED</u>	<u>CLOSED</u>	<u>PENDING</u>
1989	31,453	40,100	59,194
1990	28,507	36,325	51,708
1991	29,636	33,331	48,374
1992	30,345	34,823	44,376
1993	28,007	33,035	39,644
1994	23,524	33,475	30,424
1995	25,402	26,906	29,678
1996	27,892	29,529	29,281
1997	25,955	28,357	27,659
1998	21,185	25,987	23,138

The above table shows that the number of cases filed has steadily decreased for the past 10 fiscal years. The Court, however, anticipates a radical turnaround for fiscal year 2000 and is estimating that 100,000 new cases will be filed in that year. This is the result of Public Law 105-206, The Internal Revenue Service Restructuring and Reform Act of 1998. This Act conferred new jurisdiction on the Court in a number of different areas, two of which involve actions for innocent spouse relief and judicial review of adverse determinations relating to liens and levies. Both of these areas may generate a major increase in the Court's workload, particularly the lien/levy area. For fiscal year 1997 the Internal Revenue Service processed a total of 4.2 million liens and levies. The Court has chosen to estimate that only 2% of the taxpayers subject to these collection actions may seek judicial review by this Court. Unfortunately it is impossible to forecast with any degree of accuracy what will actually happen. It may turn out that our estimate is much too low.

During the 75 years the Tax Court has been in existence the most new cases filed in any given year was 48,398. In 1986 the Court realized a record high of 84,000 pending cases. As indicated above we are estimating that the filings alone will result in a 100% increase over the

previous high of 48,398. Consequently the Court is requesting an 11% increase in its proposed budget for fiscal year 2000. It may be necessary to increase the number of judicial officers and support staff to assure that these cases can be decided expeditiously, particularly since they involve collection actions.

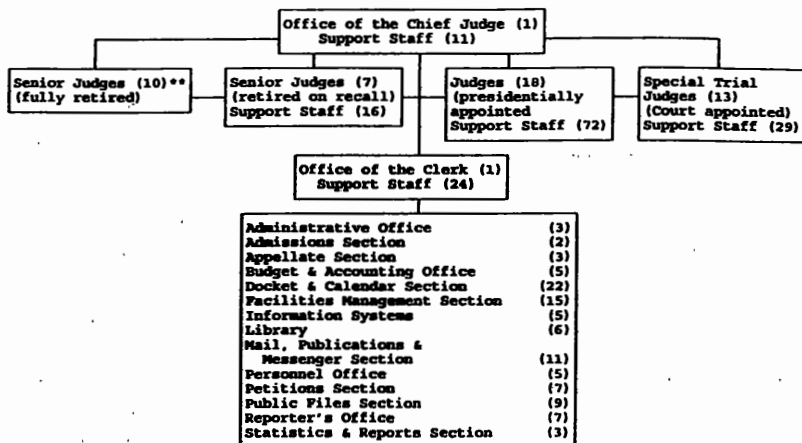
For 2000, the Court proposes a trial program of 600 weeks consisting of 264 weeks of trial sessions assigned to Presidentially appointed Judges, 236 weeks of trial sessions assigned to Special Trial Judges, and 100 weeks of lengthy special sessions. This represents an increase of 260 weeks over fiscal year 1999.

The Court's inventory as of September 30, 1998, represented \$28.707 billion in deficiencies determined by the Internal Revenue Service, up from \$27.672 billion in deficiencies before the Court on September 30, 1997. It is to be noted that 974 cases, or 4.2% of the pending inventory, have deficiencies in dispute of \$1 million or more and cumulatively represents 95% of the total deficiencies. These types of cases are assigned to a judge for active management and normally involve considerable pretrial activity, particularly in the area of discovery. The trial of such a case will often consume from 4 to 6 weeks, whereas by way of contrast, the average trial time for an ordinary case is 1 day or less. However, it does not necessarily follow that there would be a higher "return on the dollar" in these large cases. The percent of recovery by the government, in any case, large or small, depends entirely on the facts presented by both parties and the application of legal principles to those facts.

Statistics on the actual and estimated number of cases before the Court are presented in the following tabulation:

	<u>1998</u> <u>Actual</u>	<u>1999</u> <u>Estimate</u>	<u>2000</u> <u>Estimate</u>
Pending, beginning of year	27,659	23,138	30,138
Docketed during year	21,185	37,000	105,000
Adjustments during year	281	0	0
Disposed of during year	25,987	30,000	55,000
Pending, end of year	23,138	30,138	80,138

UNITED STATES TAX COURT*
FISCAL YEAR 2000 STAFFING NEEDS



* As of January 14, 1999, total staffing needs (295).

** Not included in total staffing needs.

PERFORMANCE MEASUREMENT PLAN

Mission Statement

The Tax Court's mission is to resolve cases expeditiously while giving careful consideration to the merits of each matter. The Court is also committed to providing taxpayers with a convenient forum for trial and simplifying the presentation of disputes involving relatively small amounts of tax dollars. The goals, as always, will remain constant as the Court endeavors to function as a safety valve in the self-assessment system, to assure a uniform interpretation of the Internal Revenue Code, and to provide a national forum for the resolution of disputes between the taxpayers and the Internal Revenue Service.

Single Plan

Unlike many other government agencies with multiple programs or the Federal Court system which has jurisdiction over many areas, the Tax Court has only one program, the judicial resolution of Federal tax cases.

Thus the performance goals applied by the Court to its single program is to dispose of all cases as quickly as possible. In order to achieve this end, the Court schedules cases for trial promptly, ideally within one year from the commencement of the case. During the last several years, each active judge is assigned 6 to 8 trial sessions and up to 150 cases are scheduled for trial at each session. The number of trial sessions assigned in fiscal year 2000 may, however, substantially increase in light of the new jurisdiction given the Court. Although the majority of cases are closed as a result of an agreed settlement between the parties, in many of these cases a judge is actively involved in pre-trial discussions with the parties, serving as a mediator in an attempt to effect a settlement that is acceptable to both parties. The disposition of tried cases by written opinion normally occurs less than one year from the date of trial.

The Chief Judge continues to monitor workload to assure prompt disposition of trial cases. Due to the fact that the inventory of cases is totally subject to the extent of audit and collection activity by the Internal Revenue Service, it is difficult to project an anticipated case load for future years. Thus we continue to attempt to effect the disposition of cases promptly, closing more cases in a given year than are filed in order to avoid building up a backlog of old cases. We have been able to achieve this goal for the last ten fiscal years. Whether we will be able to continue to do so depends entirely on the number of new cases filed which we presently anticipate will be the greatest in the history of the Court.

Realizing the importance of input from all the stakeholders who have a part in the U.S. Tax Court, our strategic planning process has historically included consultation with federal and state judges, lawyers from all segments of the nations's bar, officials of the legislative, executive, and judicial branches, and the taxpayers. The Court bi-annually schedules a Judicial Conference in order that this part of the plan is accomplished.

In order to continue to accomplish the performance goals, the funding levels reflected in the 2000 plan are consistent with the single program. The Court has made its best effort to distribute costs to accomplish the relevant goals.

The Court validates the measured values of actual performance as annually presented in the budget justification.

FISCAL YEAR 2000 BUDGET REQUEST

1. The fiscal year 2000 budget request does not incorporate or make provisions for any new programs. The amount requested is the result of existing programs, and more importantly, a substantial increase in the number of cases, as a result of the new jurisdiction as conferred on the Court as a result of Public Law 105-206, The Internal Revenue Service Restructuring and Reform Act of 1998.
2. Necessary procedures are, and have been, in place to review end of year spending to insure that funds are not being obligated unnecessarily. The Clerk of the Court, designated by the Chief Judge, is accountable for all spending and is specifically charged with the responsibility for review of year-end spending.
3. The Court will continue the training program started in fiscal year 1986 for the Presidentially appointed judges. The Court has found that this training for the judges and other staff has been a success. The total amount requested for this training is \$19,000, although much less is usually expended each fiscal year. The Court has not requested an increase in this amount since the inception of the judges training program.

SUMMARY OF FISCAL YEAR 2000 BUDGET REQUEST

A summary of the fiscal year 2000 funding requirements for conducting the Court's activities follows:

	<u>1999</u>	<u>2000</u>	<u>Difference</u>
Positions	335	335	0
Personnel Compensation and Benefits	\$20,816,000	\$22,064,000	+\$1,248,000
Other Costs	<u>\$11,949,000</u>	<u>\$14,425,000</u>	<u>+\$2,476,000</u>
Budget Authority/ Appropriation	\$32,765,000	\$36,489,000	+\$3,724,000

The fiscal year 2000 request represents an increase of \$3,724,000 over the fiscal year 1999 requirements. Changes in the 2000 program are summarized in the following:

<u>PROGRAM CHANGES</u>	<u>AMOUNT</u>
<u>Personnel Compensation and Benefits:</u>	
New Requirements	\$ 399,000
Pay Adjustments	276,000
Other Cost Adjustments	176,000
FY 2000 Pay Raise	397,000
<u>Other Objects:</u>	
New Requirements	841,000
Other Cost Adjustments	1,635,000
<u>Total Changes</u>	<u>\$ 3,724,000</u>

The following is a brief description of the above listed changes:

PERSONNEL COMPENSATION AND BENEFITS \$ 1,248,000

New Requirements (+\$399,000)

This increase of \$399,000 is required to finance the salaries and benefits associated with the appointment of two new special trial judges and the additional staff personnel which will be required. No new additional positions are being requested, only the necessary funds for these positions.

Pay adjustments (+\$276,000)

During fiscal year 2000, \$154,000 will be required to finance promotions and \$122,000 will be required for within-grade salary increases for employees who will be eligible for advancement to the next step in salary during the year.

Other Cost Adjustments (+\$176,000)

An additional \$176,000 is required to provide for annualization and increased personnel related benefits such as social security, medicare, health and life insurance, retirement, judges' survivors annuity fund, and thrift.

FY 2000 Pay Raise (+\$397,000)

The fiscal year 2000 pay raise effective in January, 2000 will require an increase of \$397,000. These estimates reflect locality-based pay increases scheduled to continue in fiscal year 2000.

OTHER OBJECTS \$2,476,000

New Requirements (+\$841,000)

The Court will require \$841,000 for ADP projects. The automated case management system will continue to be modified and refined as required to comply with legislative changes. The Court also anticipates the need to upgrade the present operating system.

Other Cost Adjustments (+\$1,635,000)

An increase in the amount of \$250,000 is required for transportation and subsistence expenses associated with the appointment of two special trial judges and increased travel associated with the new jurisdiction.

An increase in the amount of \$488,000 is required to finance the higher rent payments to GSA due to increased rates. The Court has no control over the amount of this increase.

An increase in the amount of \$897,000 is required to cover the costs associated with transportation of things (\$47,000), communications (\$2,000), mail (\$40,000), miscellaneous contracts (\$387,000), increased reporting requirements (\$119,000), supplies (\$104,000), equipment replacement (\$198,000).

As required by Section 131(b) of the Supplemental Appropriation Act of 1955, as amended (31 U.S. C. 200(b)), it is hereby certified that all statements of obligations reported and furnished to the Office of Management and Budget, in connection with this request of the United States Tax Court for proposed appropriation for fiscal year 2000, consist of valid obligations as defined in Section 1311 of the Act.

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STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
5010-108

UNITED STATES TAX COURT
SALARIES AND EXPENSES
Program and Financing (in millions of dollars)

Identification code 23-0100-0-1-752	19 98 actual	19 99 estimate	2000 estimate
Obligations by program activity:			
10.00 Total new obligations.....	33	33	36
Budgetary resources available for obligation:			
22.00 New budget authority (gross)...	34	33	36
23.95 Total new obligations.....	-33	-33	-36
23.98 Unobligated balance expiring...	-1	---	---
New budget authority (gross) detail:			
40.00 Appropriation.....	34	33	36
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance, start of year.....	3	4	4
73.10 Total new obligations.....	33	33	36
73.20 Total outlays (gross).....	-33	-33	-36
74.40 Unpaid obligations, end of year: Obligated balance, end of year.....	4	4	4
Outlays (gross), detail:			
86.90 Outlays from new current authority.....	30	29	32
86.93 Outlays from current balances..	3	4	4
87.00 Total outlays (gross).....	33	33	36
Net budget authority and outlays:			
89.00 Budget authority.....	34	33	36
90.00 Outlays.....	32	33	36

12

(Memo cost: 21.3) (Memo cost: 3) (Memo cost: 3) (Memo cost: 4.9)

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Class 228

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised
300-101

UNITED STATES TAX COURT
SALARIES AND EXPENSES
Object Classification (in millions of dollars)

Identification code 23-0100-0-1-752	19 98 actual	19 99 estimate	2000 estimate
<u>Personnel compensation:</u>			
11.1 Full-time permanent.....	16	17	18
12.1 Civilian personnel benefits.....	3	3	3
13.0 Benefits for former personnel.....	1	1	1
21.0 Travel and transportation of persons.....	1	1	1
23.1 Rental payments to GSA.....	7	8	8
25.2 Other services.....	3	2	3
26.0 Supplies and materials.....	1	1	1
31.0 Equipment.....	1	---	1
99.9 Total obligations.....	33	33	36
13			
(Memo est: 31.5)	(Memo est: 3)	(Memo est: 3)	(Memo est: 4.9)

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STANDARD FORM 306
July 1968, Bureau of the Budget
Circular No. A-11, Revised.
508-103

UNITED STATES TAX COURT SALARIES AND EXPENSES

DETAIL OF PERMANENT POSITIONS

23-0100-0-1-752	19 98 actual	1999 estimate	2000 estimate
Judges, \$136,700.....	26	26	26
Positions established under Section 7443A, IRC of 1986, as amended:			
Special Trial Judges, \$123,030	11	11	13
Senior Level Positions.....	4	4	4
GS-15.....	11	11	11
GS-14.....	8	8	8
GS-13.....	33	33	33
GS-12.....	37	37	37
GS-11.....	55	54	54
GS-10.....	16	15	15
GS-09.....	45	47	47
GS-08.....	7	6	6
GS-07.....	31	31	31
GS-06.....	20	20	20
GS-05.....	15	15	14
GS-04.....	6	6	6
GS-03.....	4	5	5
GS-02.....	2	2	2
Ungraded.....	4	4	3
Total permanent positions.....	335	335	335
Unfilled positions, end of year.....	-40	-40	-40
Total permanent employment, end of year.....	295	295	295

TAX COURT INDEPENDENT COUNSEL

This presentation includes the "Tax Court independent counsel" fund. This fund is established pursuant to 26 U.S.C. 7475. The fund is used by the Tax Court to employ independent counsel to pursue disciplinary matters involving practitioners admitted to practice before the Court.

TAX COURT JUDGES SURVIVORS ANNUITY FUND INTRODUCTION

This fund, established under Title 26, U.S. Code, section 7448, is used to pay survivorship benefits to eligible surviving spouses and dependent children of deceased judges of the U.S. Tax Court. Participating judges pay 3.5% of their salaries or retired pay into the fund to cover creditable service for which payment is required. Additional funds, subject to a maximum of 11% of the participating judges salaries, are provided, as needed, through the annual appropriation of the U. S. Tax Court.

On September 30, 1998, 25 judges of the Court were participating in the fund, and 1 eligible dependent and 6 eligible widows were receiving survivorship annuity payments.

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Class 218

STANDARD FORM 300
July 1964, Bureau of the Budget
Circular No. A-11, Revised.
500-101

UNITED STATES TAX COURT JUDGES SURVIVORS ANNUITY FUND
Program and Financing (in millions of dollars)

Identification code 23-8115-0-7-602	1998 actual	1999 estimate	2000 estimate
Budgetary resources available			
For obligation:			
21.40 Unobligated available, start of year.....	6	6	7
24.40 Unobligated balance available, end of year.....	6	7	7
Net budget authority and outlays:			
89.00 Budget authority.....	---	---	---
90.00 Outlays.....	---	---	---
Memorandum (non-add) entries:			
92.01 Total Investments, start of year: U.S. Securities: Par value.....	6	6	7
92.02 Total investment, end of year securities: Par value.....	6	7	7
17			
(Memo cost: 21.5)	(Memo cost: 5)	(Memo cost: 5)	(Memo cost: 6.8)

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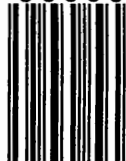
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