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DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2001

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES

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S. ANTHONY MCCANN, CAROL MURPHY, SUSAN ROSS FIRTH, and FRANCINE MACK-SALVADOR, *Subcommittee Staff*

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DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2001

TUESDAY, APRIL 4, 2000.

INSTITUTE OF MUSEUM AND LIBRARY SERVICES

WITNESSES

BEVERLY SHEPPARD, ACTING DIRECTOR
LINDA BELL, DIRECTOR, POLICY PLANNING AND BUDGET

INTRODUCTION OF WITNESSES

Mr. PORTER. The subcommittee will come to order. We continue our hearings on the budget for fiscal year 2001 with the Institute of Museum and Library Services, and we are pleased to welcome the acting director Beverly Sheppard, and before you begin, Ms. Sheppard, I want to say how much we miss Jean Simon and what a wonderful job she did as the Chair of the National Commission on Libraries and Information Science.

Her untimely death at a relatively young age was a shock to all who knew her, and I knew Jean from very early in my public career, and my father knew Jean Simon. She was a young assistant district attorney in Chicago and served her first assignment, I think, in his courtroom, and so he knew Jean Simon before she was married to Paul, and we certainly welcome your service here, but I do want to say that Jean did such a wonderful job at everything she did and we are going to miss her very much.

OPENING STATEMENT

Ms. SHEPPARD. I know that the whole of the library community does indeed share in that loss and recognizes the tremendous leadership that she brought to the field.

Good morning, Mr. Chairman. I would like to introduce my colleague, Ms. Linda Bell, who is the director of policy planning and budget at the Institute of Museum and Library Services. I am very pleased to have this opportunity to appear before you and I would also like to say on behalf of IMLS and on behalf of the library community that we deeply appreciate your long and committed support to the library community, and we certainly wish you well in your future endeavors as well.

For the past year, I have had the privilege of serving as the acting director of the Institute of Museum and Library Services. I came into this responsibility from the position of deputy director

where I had the specific responsibilities of oversight of the Office of Museum Services. Consequently this has been a tremendous experience of learning more about the library community and working with them, and it has been a year of really truly understanding the very remarkable and essential services that libraries bring to the public. I feel extraordinarily privileged to be able to speak to the role of Federal funding of libraries through the Institute of Museum and Library Services, and through administration of the Library Services and Technology Act.

The President's budget request calls for an investment of $173,000,000. This represents an increase of $6,749,000 for the Office of Library Services of the Institute of Museum and Library Services. We see this as a true endorsement of the irreplaceable and essential work of libraries across the country. We see it also as an investment in the ability of libraries to respond to the profound changes at work in American society. And in particular, reflected in this budget are the ways in which libraries address a couple of those very profound changes, specifically the dramatic advances in technology, the increasing diversification of our populations and our communities, and the growing demands for learning throughout a lifetime.

Libraries in this Nation have been called the people's university. This is a fitting name. It refers not only to the fabulous wealth of content found in library collections, but perhaps even more significantly to the core commitment of libraries to provide free and equitable access to that content.

Libraries are a great equalizer in an increasingly unequal society. In a society that is continually growing in its demands for technology and driven by technology, libraries are narrowing the gap between the haves and have-nots. They speak directly to what we call the digital divide. The Department of Commerce's survey "Falling through the Net" found that libraries are the number one point of access in the country for those who do not have Internet access at home or at work.

The number of libraries that have Internet connectivity and provide Internet access for the public continues to grow.

We know that today slightly more than 90 percent of public libraries have some kind of Internet connection. There are great needs however: needs for more workstations, more efficient stations, more bandwidth, and more equitable distribution.

Libraries also provide more than access. They train, they organize, they guide. Librarians are skillful knowledge navigators. They teach their users how to operate computers and how to find their way through the glut of information that is on-line today. They help them identify their needs and they select the tools to find them. They research and develop the systems that give everyday users a clear road map to the quality information that they need.

And so we see libraries addressing the issues of technology, not only through providing the hardware and also providing the guidance, but libraries are deeply involved in the research and the development of model projects that will address broad issues of operational standards and how one is going to be able to put on-line the most quality kind of information.

This becomes especially important in the demand for learning across a lifetime. In the 21st century, more learning will take place through the use of technology. Earlier this month, the Institute of Museum and Library Services, together with the University of Missouri at Columbia, hosted a conference called "Web Wise." This was a conference on libraries and museums in the digital world. This conference was an opportunity to share the best practices and to also focus on the issues involved in the digital library development.

Since 1998 IMLS has provided grants to State library agencies and individual libraries for research, digitization, and management of digital resources. These grants are addressing very important issues—critical preservation issues and interoperability issues. Because of the leadership that we have assumed in this direction, IMLS has been charged by a presidential directive to work together with the National Science Foundation, the National Park Service, and the Smithsonian Institution to create a digital library for education. This will be bringing together the cultural and educational resources in museums and libraries for the public.

These collaborative efforts also concentrate on identifying and building the infrastructure required to support what we refer to as seamless access to the high quality learning resources that are across disciplines and across geographical boundaries. One way in which the Institute of Museum and Library Services will build an Interagency effort is with the National Science Foundation where we are jointly looking at examining and researching issues of metadata and core standards for information sharing.

So in the area of technology, the role of libraries is increasing, is a leadership role, is a profound one, but we also have the way in which libraries are addressing the whole of community life. These libraries increasingly are truly community centers. They create environments where families can come together and interact; community officials and townspeople can gather. Students can come after school hours and complete their homework. Senior citizens are learning new skills. New immigrants are learning English and even job seekers can come and find advice. They are masters at building partnerships within their communities, extending their reach throughout the community by linking with countless others.

Next week the Institute of Museum and Library Services will present its first annual award for libraries and their communities. The National Award for Library Services will honor four libraries for the outstanding work that they are doing to address community needs. We are talking here about libraries of all sizes, from the Queens Borough Public Library, which serves a county that represents people from 178 different countries, speaking 120 different languages, extraordinary, all the way down to a tiny little elementary school library in Wyoming where this library is the point of contact, not only for the students working on computers, but for their families and communities as a whole.

In going through this process, the nominations that we saw were just amazing. They describe libraries of all sizes and types again that spread from the urban library and its diverse populations to the tiny rural libraries really reaching into impoverished rural areas. We read of libraries that were catalysts for economic development. They brought together civic and social leaders from

throughout their communities to look at the needs of the community as a whole. We discovered libraries that were taking a baby's first books into maternity wards and encouraging parents to read to their children from the very beginning. We saw them developing teen centers, giving teens meaningful work after school.

We also saw their work extending across the life span with creative mobile book carts moving into nursing homes and senior centers. We found libraries in partnership with prisons, with day care centers, with garden clubs, 4–H Clubs, Head Start, junior colleges. Truly, the list of partners is as long as you can possibly imagine. What we saw through this process is a portrait of excellence in community service, and across the country, libraries have become the cornerstones of their communities.

Even assuming these very broad new roles, libraries continue to provide core services. They are in constant demand. In pursuit of lifelong learning, Americans seek out and depend on their libraries in quite staggering numbers. Research published by the American Library Association tells us that Americans visit libraries 3.5 billion times each year. I always have to look back at that. It is a billion times. 1.6 billion items are borrowed annually from public libraries and research librarians answer 7 million questions every week.

So clearly, libraries are not only responding to the demanding challenges of an information age, to the changing needs of their community, but they are continuing to serve in this traditional role as well.

As you look at the budget request, we are seeking increases in all program areas. I would like to take a moment to speak specifically to the funding to the State programs. IMLS has a highly valued relationship with the Chiefs of the State library agencies who provide important feedback to us. They help us understand the needs of the States and help us find ways to meet them most effectively. They have also been sharing with us rich stories of the effectiveness of libraries in their States. One of the most popular elements of the program is that States have the flexibility to use Federal library funds to advance their highest priority needs.

The States provide the Institute with 5-year plans of how they will spend Federal funds. We have been analyzing these plans as well as the States' annual reports. We find that States are using Federal funds to do all of the things which we have addressed here: to increase information through technology and narrow the digital divide, to establish partnerships that extend the impact of service, and to provide, in the very critically needed area of professional development, opportunities for the training of new librarians and the ongoing training of those who are working in libraries today.

We have brought with us a couple of charts. I think what is particularly important in these is that they show how the aims of LSTA are being met through the State library programs: Chart A, "A Lifetime of Learning at the Library," shows that diverse user groups have been directly affected by these funds, and what you have there, I don't know if everybody can see it, that is an analysis of the target ages that are being served by the variety of programs that we see in the State reports. They range from the large blue

area, the senior citizens with 30 percent of the programs to children, youth adults, intergenerational programs.

If you are a little confused by the Section "other," since all the ages are rather well-defined, we also have some programs that simply do reach out to the entire community and serve in a whole variety of ages. So again, it is across the age span which we feel is extremely important. And the other graph that you see to the left, this is evidence of how the State libraries are meeting the needs of all types of libraries. The LSTA legislation allows for State funds to reach out to every kind of library, and what is being shown here are the number of different funding awards given to the various types of libraries.

On the left in purple represents the year 1998, and on the right of each line there represents the number of awards presented in 1999. You can see very clearly that as this program is better understood and more effectively being used, that awards are being given across the board to all types of libraries. I point out that we see a spike in the K through 12 libraries, and that represents largely library systems helping the school libraries with technology issues and bringing them on-line and into the programs.

We are also seeing that as the program has become increasingly well established, the number of applicants to the program has increased dramatically. On the left you see the number of applicants, the purple, and the other color, the numbers that are funded. On the right in 1999, you see a tremendous growth in the number of applications. I will also point out that the need is very evident there too, that these applications represent important projects and not all of them certainly can be funded. It appears that little more than half have been funded.

So we are seeing that one of the effective outreaches of this program is very, very effectively taking place.

The Institute of Museum and Library Services is truly uniquely positioned to understand the breadth of needs of the library community nationally. Through ongoing dialogue with the field, through carefully administered funded programs, we recognize the growing needs of libraries to meet the changing expectations of the American public. The President's budget request for 2001 does indeed reflect the kind of investment necessary to assist libraries in meeting these escalating changes. We sincerely hope you will support this very important investment of $173 million to support the library program. Thank you.

[The information follows:]

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
FY 2001 Appropriations Testimony
Subcommittee on Labor, Health and Human Services and Related Agencies
BEVERLY SHEPPARD, Acting Director
March 29, 2000

Good morning, Mr. Chairman and members of the Committee. I would like to introduce my two colleagues, Linda Bell, who is Director of Policy, Planning and Budget, and Betsy Sywetz, who is Deputy Director, overseeing the Office of Library Services.

I am pleased to have this opportunity to appear before you and to thank you for your continued support for library service. For the past year, I have had the privilege of serving as Acting Director at the Institute of Museum and Library Services. I came into this responsibility from the position of the Deputy Director at IMLS whose specific role was oversight of the Office of Museum Services. I have learned steadily throughout this year about the truly remarkable and essential services that libraries bring to the public and I am very honored to have this opportunity today to speak to the role of federal funding of libraries through the Institute of Museum and Library Services in its administration of the Library Services and Technology Act.

The President's FY 2001 Budget Request: an investment in learning

The President's request calls for an investment of $173,000,000, an increase of $6,749,000 for the Office of Library Services of the Institute of Museum and Library Services. It is an endorsement of the irreplaceable and essential work of libraries across the country. It is an investment also in the ability of libraries to respond to the profound changes at work in American society:

The dramatic advances in technology
The increasing diversity in our populations and our communities
The growing demands for learning throughout a lifetime

Libraries in this nation have been called The People's University. It is a fitting name. It refers not only to the fabulous wealth of content found in library collections, but even more significantly to the core democratic commitment of libraries to provide free and equitable access to that content.

Narrowing the Digital Divide

Libraries are a great equalizer in an increasingly unequal society. No one is excluded because they lack a qualification or cannot afford the fees. In an increasingly technology-driven society, libraries are narrowing the gap between the haves and have nots. They speak directly to what we call the Digital Divide. The Department of

Commerce's survey, "Falling Through the Net," found that libraries are the no. 1 point of access in this country for those who do not have Internet access at home or at work.

The number of libraries that have Internet connectivity and provide Internet access for the public continues to grow. Today 90% of public libraries have some kind of Internet connection. More work stations, more efficient systems, better bandwidth and more equitable distribution is still required.

Libraries also provide more than access. They train, they organize, they guide. Librarians are skillful knowledge navigators. They teach their users how to operate computers and how to find their way through the glut of information on-line. They help them identify their needs and select the tools to find them. They research and develop the systems that give everyday users a clear road map to the quality information they need.

In the 21st century more learning will take place through the use of technology. Earlier this month IMLS, together with the University of Missouri at Columbia hosted "Web-Wise: A Conference on Libraries and Museums in the Digital World." This conference was an opportunity to share best practices and focus on the issues involved in digital library development. Since 1998, IMLS has provided grants to state library agencies and to individual libraries for research, digitization and management of digital resources. Grants also address critical preservation and interoperability issues.

Because of its leadership role, IMLS is charged by a Presidential directive to work together with the National Science Foundation, the National Park Service and the Smithsonian Institution to create a Digital Library for Education to bring cultural and educational resources to the public. These collaborative efforts will concentrate on identifying and building the infrastructure to support seamless access to high-quality learning resources across disciplines and geographical boundaries. One way IMLS is by building an interagency effort with the National Science Foundation to examine specific issues of metadata and core standards for information sharing

Libraries: Centers of Community Life

Libraries are also true community centers. They create environments where families can interact, community officials and townspeople can gather, students can complete their homework, seniors can learn new skills, new immigrants can learn English, and job seekers can find advice. They are masters at building partnerships, extending their reach throughout their communities by linking with countless others.

In a few weeks, IMLS will present the first annual National Award for Library Service, honoring four libraries for their outstanding and exceptional public service. The review process for this award revealed a stunning array of public services provided by the nation's libraries.

The nominations described libraries of all sizes and types – from large urban libraries serving incredibly diverse populations to tiny rural libraries that energetically reach out to remote and impoverished rural families. We read of libraries serving as the catalysts for

economic revitalization, bringing together civic and social leaders from throughout their communities. We discovered libraries taking a baby's first books into maternity wards, setting up reading stations in pediatrician's offices, developing teen centers, and extending across the lifespan with creative mobile book carts in nursing homes and senior centers. We found libraries in partnership with prisons and with day care centers, with garden clubs and 4H clubs, with Head Start and junior colleges. We found school libraries that served whole communities and community libraries that worked hand in hand with schools to meet the needs of students.

The list of services and partnerships was limited only by imagination and the extent that human and financial resources could possibly be squeezed. The nominations presented a collective portrait of excellence in community service. Across the country, libraries have become the cornerstones of their communities.

These services enhance the core roles libraries continue to play. As essential links to information, libraries are in constant demand. In pursuit of lifelong learning, Americans seek out and depend on their libraries in staggering numbers. Research published by the American Library Association tells us that:

Americans visit libraries 3.5 billion times each year
1.6 billion items are borrowed annually from public libraries
Research librarians answer 7 million questions every week.

Clearly, libraries are not only responding to the daunting challenges of the Information Age and to the changing needs of their communities, but they are continuing to serve all of their traditional roles as well.

IMLS: Helping Libraries Meet the Challenge

The Institute of Museum and Library Services is uniquely positioned to understand the breadth of the needs of the library community nationally. Through ongoing dialogue with the field and through carefully administered funding programs, we recognize the growing needs of libraries to meet the changing expectations of the American public. The President's budget request for 2001 reflects the kind of investment IMLS sees as necessary to assist libraries in meeting these escalating changes.

Additional funds are requested in all program areas: State Grants, National Leadership Grants and Library Service to Native Americans and Native Hawaiians. In each case funding will address two major issues: **increasing technology access for all Americans and building livable communities through partnership and public service.**

State Grants

Most of the funds allocated to IMLS for library services support grants determined by a census based formula for each state, the District of Columbia and U.S. Territories. The statute gives states broad mandate to use technology to bring information to the people and ensure library service is accessible to all. We have requested an increase to further the state program.

One of the most popular elements of this program is that states have the flexibility to use federal library funds to advance their highest priority needs. States provide the Institute with five-year plans that reflect how they will spend federal funds. We analyzed these plans and the states' annual reports and found that states are using federal funds: to increase access to information through technology and narrow the digital divide; to establish partnerships that extend the impact of service; and to provide critically needed professional development to prepare libraries to use technology in new ways.

The charts in the appendix demonstrate the reach of grants to the states. States use these grants for statewide services as well as to subgrant to a multitude of libraries in the state.

Chart A shows the diverse user groups that are affected by these grants. The beneficiaries represent the broad spectrum of community from children and youth to adults and older Americans.

Chart B shows the broad array of types of libraries served. It is interesting to note the great increase in the diversity of libraries served in this program.

Chart C shows the increasing pressure on the state program as the number of applications they receive for subgrants increases.

Access Through Technology

IMLS is requesting increased funds to continue the excellent work undertaken by states across the country. These funds will help to establish and enhance the use of advanced technologies to support library services to the public and address the increasing costs of upgrading, maintaining and supporting new information technologies to keep libraries at the forefront of providing information access.

This investment in technology is also an investment in content and the ability to deliver content through well-organized and efficient search mechanisms. If the content of libraries is to be made available for lifelong learning of all Americans, the system of delivery must be well designed.

- One-way states use federal funds is to make electronic resources available to every library in the state.

  OKLAHOMA: All Oklahomans, regardless of where they live or the size of their library, have access to the same valuable information. With IMLS funds, Oklahoma established a set of electronic resources, including full-text newspaper

and magazine articles, career banks, and health information. Any library across the state can access these electronic databases free of charge.

- Another common use of funds is to provide training in the use of new technologies for library staff and for the public.

  ILLINOIS: IMLS funds supported the development of two training programs for library staff all across the state. The programs, offered via satellite telecommunications at five teleconferences around the state, allowed over 5,000 library staff persons to participate, free of charge. The training sessions were ranked highly by the participants, and will be continued in the future with new topics.

- Providing library access to rural areas is another common use of federal funds.

  TEXAS: The Alamo Area Library System faces geographic challenges - the forty-two libraries in the system are spread over a 32,000 mile area and serve over 1.7 million people. To improve the educational and training opportunities to library staff, the System installed distance learning equipment into four rural town libraries.

Building Community

Increased funding is likewise sought to support the range of community services provided by libraries. Of particular concern is the sharing of best practices, extending information about successful programs that add new and meaningful resources to community life. Here are several examples of libraries that are reaching out to groups in need of library service.

CALIFORNIA: A "Read to Me" grant of the Escondido Public Library supported on-site literacy programs and basic library services for families housed in a women's shelter. It also provided for a parental reading and educational curriculum, and trained adult literacy tutors who worked with ethnically diverse learners.

KENTUCKY: Over 500 libraries in Northern Kentucky received over 20,000 books on tape of all varieties, including educational, fiction, and nonfiction. The Talking Book project reaches a variety of patrons - such as the reading disabled and visually impaired. Dyslexic learners find it helpful to read along in a print version of a book while listening to the talking book. In 1998, the reading skills of two youngsters were so improved by this method that they can now read comfortably without the talking books. One patron, who suffers from Parkinson's disease, acquired a talking book on his condition. After listening to it, he was better able to discuss treatment options with his doctors. While this program has only reached a few hundred patrons in the past year, it has changed lives.

TEXAS: In this project, the state library developed a theme, publicity materials, and suggested programs for a summer reading program. Any library in the state had access to these materials for implementation of the program. During summer months, children often experience a decrease in reading skills due to lack of practice; programs like these are essential to maintaining a child's reading skills. The program was a great success - over 60,000 children participated in the reading program, and nearly 175,000 children attended story hours and programs at their local library during the summer months.

National Leadership Grants

National Leadership Grants play an important role in supporting projects that provide a foundation to address issues of national concern in the library field. Model projects address issues around education and training, research and demonstration and preservation and digitization. These projects also support innovative partnerships between museums and libraries.

Access Through Technology

Through National Leadership Grants, funds will continue to support the research necessary to supply and manage digital collections. IMLS emphasizes research that can translate into useful and practical application in libraries of all kinds – an approach that is especially important in understanding the uses of technology.

CALIFORNIA: At the University of California - Berkeley, searching different sorts of information, such as data and text, is challenging. This award aims to develop ways to improve access to written material and numerical data on the same topic when searching two very different kinds of databases: text databases (books, articles, and their bibliographic records) and numerical data (socio-economic databases).

NEW YORK: "Gateway New York" at the South Central Regional Library Council in Ithaca will lay the groundwork for a statewide gateway to information. The gateway will be a publicly accessible web site through which users can simultaneously search multiple library catalogs, citation databases and full-text databases around the state.

ILLINOIS: Northwestern University in Evanston, IL is using IMLS funds to digitize a large collection of League of Nations publications published between 1919 and 1939 and make them available via the Internet and the World Wide Web. http://www.library.nwu.edu/govpub/collections/league/index.html

ARKANSAS, LOUISANA and MISSISSIPPI: IMLS is supporting a project that will develop a national model for teaching librarians, especially those in small libraries, how to plan for building and renovation projects in order to accommodate new technologies. The grant will fund an eighteen-month Institute on Library Redesign for Technology for up to 225 librarians in Arkansas, Louisiana and Mississippi.

CALIFORNIA: The California Digital Library in Oakland will lead the Bancroft Library and a group of eight museums in evaluating the capabilities of Encoded Archival Description (EAD) to integrate their collection descriptions into the greater context of a "virtual archive" of museum, library, and archival collections

Building Community

One of the most exciting parts of the new legislation is the opportunity to build new partnerships to expand service to communities. The following are examples of library/museum collaborations that have been funded with National Leadership Grants.

WISCONSIN: Leigh Yawkey Woodson Art Museum and the Marathon County Public Library linked original art and literacy by focusing on extraordinary exhibitions of children's book illustrations. The exhibition, Down Under and Over Here: Children's Book Illustration from Australia and America, is a model program of cooperation.

MARYLAND: Jefferson Patterson Park & Museum in St. Leonard , along with area libraries and community groups, is involved in a two-year research project to explore the experience of African American educators during the years of change from segregated to integrated public schools. The project will result in a process through which African Americans will advise two local museums (the Jefferson Patterson Park and Museum and the Banneker-Douglass Museum) and an academic Library (the Southern Maryland Studies Center at the Charles County Community College Library), on the overall direction of an exhibition

CONNECTICUT: The Connecticut Historical Society, Thomas J. Dodd Research Center at the University of Connecticut and Mystic Seaport Museum are working together to mount an innovative two-year collaboration called "Connecticut Classroom." The project has two major components: the establishment of a comprehensive, Web-based virtual collection of graphic images that document the Connecticut community, and a long-term effort to encourage middle and high school teachers to make meaningful use of the database.

Native American Grants

The needs of tribal libraries are great. These libraries are meeting the challenges of serving populations with low literacy and high unemployment. For many of these libraries IMLS is the only source of public support. IMLS awards support three areas in improving service to tribal libraries:
Basic Grants support core library operations and help to ensure a minimum level of public library service.

Technical Assistance Grants heighten the proficiency level of professional library staff by providing support for professional assessments of a full range of library services and advice for improvement.

Enhancement Grants support projects that advance the applicant library's operations to new levels of service through activities specifically identified in the LSTA. These grants encourage the implementation of both mainstream and innovative library practices.

Some examples of Enhancement Grants follow:

> MONTANA: The Crow Indian Tribe is creating public access to the Little Big Horn College library materials at different locations on the Crow Reservation, provide training for staff and patrons in the use of electronic resources, and creating web access to Crow information resources.
>
> WISCONSIN: The oral history of the Lac Courte Oreilles Band of Lake Superior Chippewa will be recorded and preserved thanks to an Enhancement grant. A travelling history and photographic exhibit will also be developed.
>
> The Oneida Nation is providing a computer lab and networked CD-ROM reference software to support the elementary and high school curriculum.
>
> WASHINGTON: The Lummi Indian Nation is creating a Lummi Archive and Museum online to enhance access to tribal materials, provide educational programs focused on tribal history, and upgrade the library's collections and services.

Outcome evaluation

In response to the Government Performance and Results Act, IMLS has taken a leadership role to promote outcome-based evaluation measurement for services. Outcome-based evaluation is the method adopted by The United Way to evaluate the impact of the social service programs it supports. Outcome-based evaluation helps libraries move beyond describing their programs by counting outputs (i.e. number of books circulated, number of reference questions answered.) Instead this method of evaluation attempts to measure what difference these initiatives make. For example:

Does a summer reading program help students maintain their reading skills? Do career related databases help people find work? We hope that these outcome-based measures of performance will help libraries better manage their resources and better communicate their value to the community.

Working with grantees and experts in the field of outcome-based evaluation, IMLS is adapting The United Way method. In FY 1999 IMLS began a pilot project to use outcome based evaluation for the State Grant program. Five states volunteered to be part of the pilot group. In FY 2000 an additional eleven states have volunteered to implement outcome-based evaluation and IMLS has begun to introduce outcome-based evaluation to grantees in its competitive programs. Several other Federal agencies have contacted IMLS for more information ~~of~~ on this leadership activity. In response, IMLS plans to convene a meeting of interested Federal agencies to coordinate promotion and dissemination of the outcome-based evaluation model.

IMLS Administrative costs

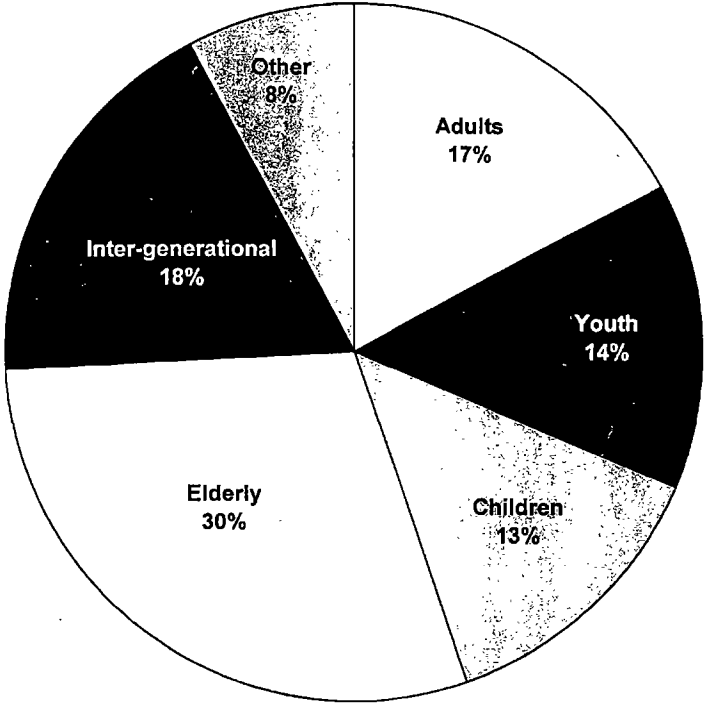
IMLS is also requesting a modest increase in support for federal administrative costs. IMLS is requesting the 3% authorized by LSTA. IMLS began implementing LSTA in 1997 and carefully analyzed the requirements of administering this new and streamlined Act. Over the past two years the agency has developed its staff, core products, and services in constant dialogue with the library community. IMLS takes pride in consulting with representatives of the museum and library communities and being responsive to issues they raise. These communities have heightened IMLS's awareness that there is concern about how libraries and museums will respond to the challenges of the Information Age.

The electronic information environment also presents many new challenges to the way IMLS does business and offers opportunities to maximize the impact of grant programs on improving library and museum services. To respond to these challenges, IMLS is requesting increased funding to engage in research that supports agency planning and decision-making in these new endeavors; to convene groups to discuss issues such as standards, best practices, and interoperability; to cooperate and coordinate with other federal agencies; and to further develops capacity to disseminate information electronically.

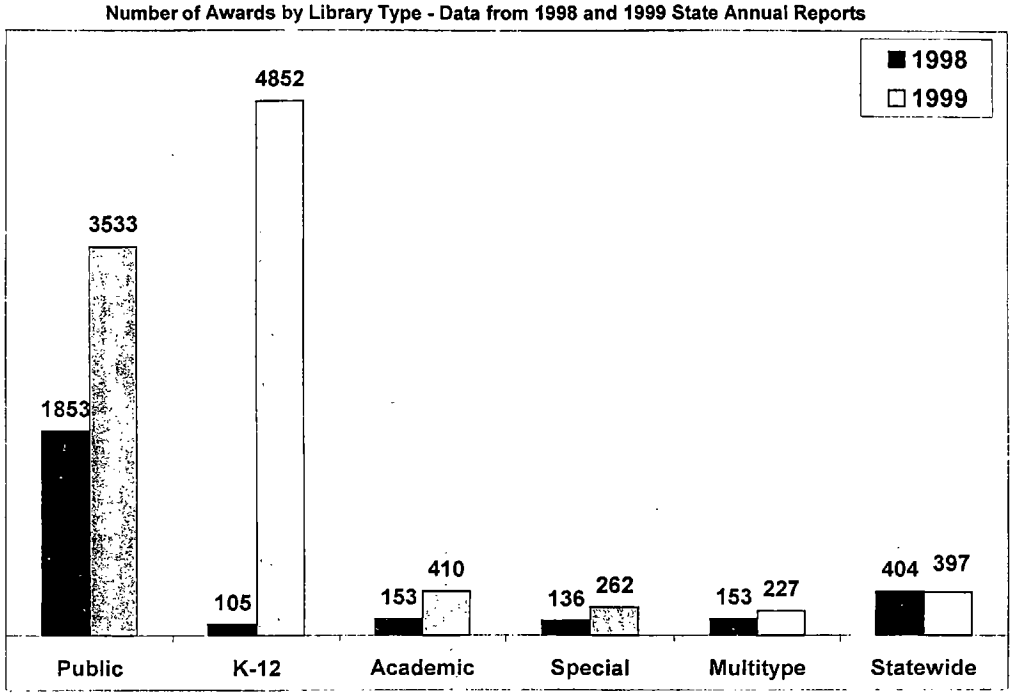
In closing, libraries continue to demonstrate the power they have to change lives, to energize communities, to support lifelong learning and to build social cohesion. This budget request reflects the power of a new investment in all they do.

A Lifetime of Learning at the Library

Data Collected from 1999 State Annual Reports -
Percentage of LSTA Services and Programs by Age Group

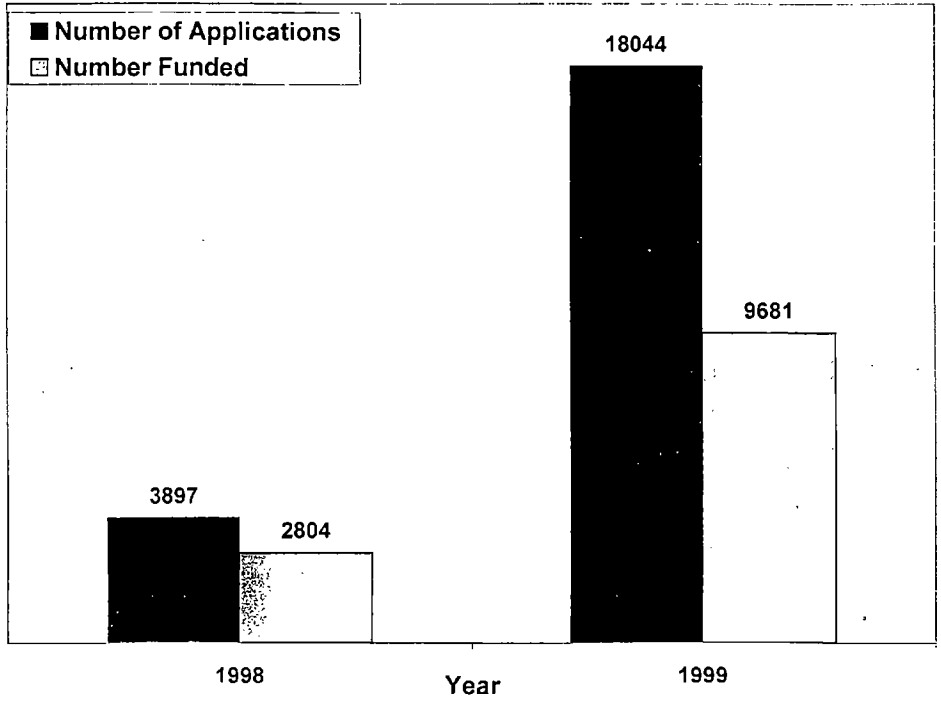


States Increasingly Meet the Needs of *All* Types of Libraries



Need for LSTA Funding Grows Exponentially

Figures from 1998 and 1999 State Annual Reports



Mr. PORTER. Thank you, Ms. Sheppard. You and I discussed this before, but I want to discuss it on the record. We have the capability today to scan theoretically at least to scan every bit of information ever possessed anywhere in the world into some kind of an Internet system. So we can put every book, every page of every book on the line somewhere. Looking at the latest technology, we have, I think it is a Palm Pilot 7 that can access to Internet from your hand.

Looking out a relatively short time, I would guess, 10 or 15 years, and you have answered this in part with all of the things that libraries do to interact with the community and groups, and I understand that, but looking out 10 or 15 years, is it possible that we will see libraries that have no books, that maybe have a leather-bound Palm Pilot-type of device where you can bring up the book you want to read, have each page on it in front of you, and go curl up in the corner with your computer book and read anything you want, or get any piece of information you want?

And what if that is the case, and it seems to me we are heading in that direction somehow, because of information technology, what would then be the role of libraries if that were available? And by the way, I would think that in such a system, the government would want to provide to every single individual in the country at least that capability. In other words every kid, when they are able to read, they are going to have to learn obviously the normal old way, but once they can read, can't we give every child access to every piece of information and can't we have all of our lessons and all of our books taught in classrooms with this one single device that will allow us to access any piece of information anywhere. I am just interested to your comments on the record on that.

Ms. SHEPPARD. Well, I have to begin by saying I am not a futurist in that I know exactly where all this is going, but I think that the image that you have provided is an interesting one. It is actually a question I have had to answer in a number of ways when people talk about what is the future of the book. There are various people who strongly believe that books are very much a part of our culture and will continue to be—how the format may change, of course, is another question. But I think that the core question here that is very significant is how will the role of libraries change. I think there are some very key points to be made.

Number one comes through the definition used earlier, the librarian as a knowledge navigator. We are finding more significantly than ever that a well-trained librarian who understands the process of finding and sorting information is essential, that the kinds of minds that have created the cataloging systems and the systems that organize information in libraries today will continue to be absolutely essential to the process of how we will find and explore information. So that role will take on different levels of complexity but will remain, I believe, central to all of this.

I think there are other very important issues to think about as well. One is making sure that students have access to quality information, and one of the important things that we are examining as we look toward the responsibility of a digital library of images as

well as text, is making certain that the best of those materials are on board.

I think that the information literacy skills are going to be increasingly important as we look forward to our future. There is, right now, when you go on-line, a lot to weed through before you can actually get to what you want. How are we going to train and provide those information skills that enable our citizens to judge material, to find quality material, to evaluate it and to connect it? And that too has always been a very central part of the library system.

Before we can even get to the point of having access and finding our way through this tremendous number of resources, which indeed can be very enriching, we need to develop those kinds of infrastructures that support them. A number of our grants right now, particularly in the research areas, are looking at the ways in which you can go from image to text or the ways in which people could access music where sound could be brought in as a component here. We have disparate projects going on in many places, and we feel that one of our most important responsibilities is to make certain that those projects will develop with a sense of interoperability and that the research level of that structure is going to be one of the most important ones we can provide.

So some of the areas that I think I can play futurist with are again, the librarian as knowledge navigator, as the teacher and supporter of critical thinking skills and literacy, as the researcher that brings this access together. Those are certainly three very important areas that are going to change library service and reinforce what we know today.

Mr. PORTER. Just to comment, if such a world as the one I have described occurs, it seems to me that, in part, this is already happening, we tend to withdraw from one another into a technological interface with our computer and the information on it, and it seems to me that there will probably be a swing of the pendulum back to interacting with other human beings rather than with the technology, but it is a worry in a certain sense that we can get too involved in the technology and lose the interaction among each other that it seems to me is essential to a happy society, and it is so fascinating, and I am retiring, as you mentioned.

I haven't yet gotten into this really very deeply. I am about this far into it, but I know when I get a little more time I am going to find it as fascinating as other people do and want to get more and more involved in it, and try to access all the different information and ideas that it provides.

FEDERAL ROLE FOR LIBRARIES

Let me ask now, did you mention the total cost of libraries all over the country? I thought you did, but I am not certain that I got the figure.

Ms. SHEPPARD. A total figure?

Mr. PORTER. Absolute total figure.

Ms. SHEPPARD. I don't think I have that figure. I think it is something that comes together from many, many different sources to look at this budget. The total of Federal funding to libraries is

actually a small percentage of that whole. It is, however, an extremely important endorsement.

Mr. PORTER. All right. This is my question. It seems to me that probably the role of the Federal Government in respect to libraries is even smaller than the role of the Federal Government in respect to K-to-12 education, which is, in dollars, about five percent. Here I would bet the amount is substantially less than one percent.

Ms. SHEPPARD. It is right around that one percent figure.

Mr. PORTER. Given the fact that the States—if you look at your chart, the one on the floor there, and the increasing grants that came—I mean, if you look at K–12, 105 awards in 1998 and 4,852 the next year; is that correct?

Ms. SHEPPARD. Yes, that is correct.

Mr. PORTER. 105 to 5,000. The huge amount of increase, I don't know whether that translates into dollar terms, that is the number of awards, I guess, not the dollar amount, but it seems to me that as the States have themselves benefitted from a growing economy, that they are obviously putting a great deal of money particularly into technology, as you mentioned, for their libraries, which is a very healthy thing. But I wonder if you could kind of lay out for us the role of the Federal Government in respect to libraries, and you have mentioned a lot of different things that grants do, but is there a defined role for the Federal Government? Is it similar to the role in education? How far do we go into this process and how effective is Federal leadership in marshalling assets and ideas and approaches to the whole process, or are we just a player on the edge?

Ms. SHEPPARD. Let me begin by saying that I think that "player on the edge" is not the definition here of Federal funding. It is a very important question because I feel that what we are seeing here is very significant. When I use the word "endorsement" for the quality of libraries, it is not only an endorsement for the quality in the work, it is also for the library as a core democratic institution. There is, from the beginning of the history of libraries in this country, an alignment between the values that libraries represent and the values that this country represents. The idea of presenting equitable access to information and the idea that information is an essential component of a free and democratic government is a very profound statement that the Federal Government is supporting.

I also think that there is the role of leveraging through that endorsement the growing funds on the State and the local and the private level in support of library funding. There is a quality that one can hold up to say that the Federal Government has supported, sees and recognizes the need for these kinds of services.

And I also feel that the role that we have taken quite profoundly in bringing all this together is a strong leadership role that we are providing through our services, the identification of core problems, and we are raising them to national visibility. We are addressing and sharing best practices as solutions to meeting those problems. We are working on an interagency level to compound the impact of that by working with other agencies like NSF, and we are also providing leadership in some core areas like evaluation, so that we are teaching and training. It is a communication process that is

happening that brings the national perspective to these issues. So that small percentage, I believe, is truly leveraged into much more.

Mr. PORTER. Thank you Ms. Sheppard.

Mrs. Lowey.

THE COST OF NARROWING THE DIGITAL DIVIDE

Mrs. LOWEY. Thank you, Mr. Chairman. And thank you Mrs. Sheppard, for your eloquent, articulate statement and for your responses to the questions. And I must say, Mr. Chairman, I can't help but remember a meeting I attended recently with about 20 members of Congress. It is not important what the subject was; we were awaiting a report, and the person who was making the presentation said to the members, give me your e-mail address and we will get it to you as soon as it came out, and the whole room broke up laughing, and one of us had the courage to say can we leave you a Fed EX envelope, and I think many of us are in the position, although my husband will say to me it is no longer cute, and I think it is time for people like myself, and not you—I am sure you are more sophisticated in the use of the Internet—to become proficient, and I almost feel frantic when I visit our libraries and our schools in the district, because I see that digital divide growing and growing.

Even in my district, and I represent that district you were talking about, but I also represent Westchester County, one of the wealthiest counties in the Nation, but even in Westchester County, you have some communities such as Eastchester, Scarsdale, Rye, where the youngsters have a computer on every desk and a computer at home and there are others districts in Westchester County where they will go to a computer lab once a week, and in Queens you discuss the challenges there. They are absolutely enormous.

So I am so enthusiastic about the work you are doing in regard to our libraries, and I appreciated the Chairman's question, his last question about funding, because what I began to think about as I was listening to and reading your testimony is how urgent is this and can we wait for the States, and if we submit RFPs, or if we fulfill this request for funding, if we double that funding or triple that funding, could it be absorbed, and I do appreciate the Chairman's question, and I think we have to do a lot more thinking about that because the longer we wait to make sure that every library is a community center, and that library has the capacity to deal with our community of learners, the wider our digital divide is.

So I have several questions, maybe the first one would be, if we even double the amount or triple the amount, I just think it is such a priority out there, and I think you have one of the most exciting jobs. I won't say in the Hill, in the government. Could it be absorbed? Maybe I should stop and ask that first question.

Ms. SHEPPARD. I don't think there is any question that it certainly could be absorbed. As we all know the costs of technology are huge, and I basically outlined three areas. One is providing the hardware, the tools, equipment, the bandwidth.

The second area is the training piece because bringing a lot of people up to speed at the library, at various levels of sophistication, and training the librarians to be able to do this themselves, train-

ing the trainers. There are huge grants right now, one in Illinois, which I think is particularly interesting, where the College of Dupage is using distant learning to reach about 5,000 librarians across the State to bring them as quickly up to speed as possible.

Finally, there are those very core issues of the research and the digitization process itself. I think that we are buoyed in this by the fact that so many people are alert to these problems, are looking at how we can work together, are trying to find solutions. So between the private community and the foundations that are saying this is priority, and our leadership Federally, I think we can make a true difference at this point.

PRIVATE SECTOR INVOLVEMENT

Mrs. LOWEY. Do you have much interaction with the private sector, the foundations, and the corporations obviously who have an interest or whether it's personal or philanthropic interests such as Gates who is in the news these days, or IBM who are making major contributions?

Ms. SHEPPARD. I think that our interaction is largely one of information sharing and also knowing that many of the constituents such as the libraries in the country are working with the Gates Foundation. I have spoken on panels with representatives there. I have gathered at the offices here a number of foundations to address common issues to see where we are all examining funding and how we might be looking at issues that affect all of us, and so that collaboratively we can make really an impression in these issues.

Also, at the program that I mentioned a couple of times, here the Web Wise conference, our keynote speaker was the individual David Bolt, who produced the PBS series on the digital divide and who brings PBS to these issues as well. In all of these conversations, we all share what we are seeing, so that we have a kind of common agenda that addresses these issues from the individual perspectives.

Mrs. LOWEY. Do you feel that the grants which you are providing right now are structured adequately to encourage private sector involvement? Because, as you and I know, there are so many people out there who have been very successful as a result of the digital revolution and would like to direct resources towards institutions such as the library. Are we doing all we can to encourage these activities to encourage these partnerships? Is there any way we could do it or that we could help by doing it more effectively?

Ms. SHEPPARD. That is a very interesting question. The National Leadership Grant Program—that is, the part that we direct specifically in a competitive process—that grant process not only encourages, but requires a match, particularly for the larger grants. So that we not only require a specific match for those larger grants, we encourage a match also for the smaller grants. This is one way, of course, of encouraging and making it necessary for the grantees to identify other sources, and these are largely private funding sources.

Again, recognizing the way in which the State program operates, the State grants are allocated, as I said, through State agencies. They determine where the funds are going, but in reviewing where

those grants go and how they are impacting the community, again, it is a leveraging piece so we are seeing a lot of private funding join that.

THE GENDER DIVIDE

Mrs. LOWEY. I am obviously very interested in the digital divide. I am also interested in the divide between the male and the female population, which is not reflected in these statistics, and I wonder if there's a digital divide between—well, let us start with the adults, between the male and the female adults. Are you aware of any research at looking at these differences?

Ms. SHEPPARD. In my conversations with David Bolt, who did considerable research in this area, he does feel there is a gender divide, and that that gender divide begins in school about the same point where girls cease to take as many of the science classes as boys, and the same things are happening in the computer area. There is a great deal of concern about that.

Mrs. LOWEY. Well, if I may just pursue that, Mr. Chairman, what are we doing about the concern.

We did have a demonstration. In fact, I introduced it when I first got to Congress after talking with Carol Gilligan, I did introduce legislation focused on encouraging young girls to enter the fields of math and science, and I fear that we have the same thing with computers.

Ms. SHEPPARD. I believe we do and we would have to do an analysis of grants presently, projects being funded to explore that. I don't really specifically know what those figures would be from the kinds of programs we have. Basically the programs that I think of immediately would not be gender-biased in any way.

Mrs. LOWEY. No, no I don't expect the programs to be gender-biased, but what are we doing if this divide—if it is assumed that this divide exists, what are we doing affirmatively to decrease the divide and to direct, direct training to encourage women, young girls?

Ms. SHEPPARD. Again, I can not speak to what those grants specifically are doing, but I think at the core here is raising and defining the issues so that the grants are well structured to encourage the creative approach to how these problems can be solved. That is exactly the reason, as you will see in the budget, why we have an increased request for administrative funds. The core of that is to increase our role in sharing through conferences, through publications, through a larger and more responsive Web site, exactly that of defining the issues and then sharing those best practices that are addressing specifically those core kinds of issues.

Mrs. LOWEY. Thank you, and thank you, Mr. Chairman.

Mr. PORTER. The Chair apologizes to the gentlelady from New York, that she was placed on the clock and I wasn't. So let us go back and forth one question each, and I want to emphasize something that the gentlelady just raised, and I think that is a very, very, very important issue. And I think that just assuring that the programs are administered in an even-handed way is not enough, as you said. I can see a real problem down the line unless women, young women are encouraged to keep up and provide leadership in this whole area of information technology. It will be a divide in a

lot of different ways, and that seems to me to be one that is very, very worrisome.

Mrs. LOWEY. Well, I just recently met Mr. Chairman and Ms. Sheppard with Heidi Miller, who just left as the chief financial office of Citigroup, and she is now at Priceline.com, and we were talking about the numbers of women at her level, or even near her level in the .com world, and they are nowhere to be found. And given the impact of this whole industry on the next generation, or the next 10 years, it is not even next generation, I think we have to be concerned and try and focus some attention on it.

FUNDING THROUGH TWO APPROPRIATIONS SUBCOMMITTEES

Mr. PORTER. Absolutely. Let me ask a question about the divide between jurisdictions here where part of your budget comes out of interior, I think it is, and the rest of it comes out of our subcommittee. First of all, how much money is the museum part of the budget that goes to interior offhand; do you know?

Ms. SHEPPARD. Pardon?

Mr. PORTER. What is the request to the interior committee this year?

Ms. SHEPPARD. $33,000,000.

Mr. PORTER. $33,000,000?

Ms. SHEPPARD. Yes.

Mr. PORTER. So it is a much smaller piece of the whole.

Ms. SHEPPARD. Yes, it is.

Mr. PORTER. Do you see any problem with there being a jurisdictional divide between, besides the fact that you are to testify to two different subcommittees, present different parts of the case, do you think it makes a lot of sense to divide these two institutions part of your whole responsibility or would it make more sense to be in one place or the other?

Ms. SHEPPARD. I was not present when all this came together, so I am not certain of the decision-making and the early history of it. I think that we have been able to work with this effectively. I do think, however, there is something to be said for streamlining the process so that it is not only one testimony, but the way in which we operate internally as well, such as keeping the books and things of that sort. We feel that we are comfortable and are able to do this very well, but we have had that question raised, and there are certainly are areas where it would make sense to bring the two together.

Mr. PORTER. It frankly seems to me that there is so much, obviously, putting them in a single institute indicates the relationship between libraries and museums, and then dividing them in the Congress doesn't make a lot of sense to me at all.

Ms. SHEPPARD. Well, if I may just add to that, too. I think one of the things we found most committing and interesting about having brought the two together is that the collaborative piece of this merger is really becoming an increasingly important one. Not just through our programs and grants and things of that sort, but we are also seeing that museums and libraries do not function in these separate silos in the outside world either. So our job in supporting their educational goals, all of these things that do bring them together the way in which they serve communities, makes it logical

to have one set of ways to address many of those collaborative issues.

Mr. PORTER. Well, I probably have no chance at all of getting the museum base away from Ralph Regula, but it seems to me it would make a lot of sense to have it in one place or the other.

Mrs. Lowey.

TECHNOLOGY AND STUDENTS

Mrs. LOWEY. I was just talking about how as we are putting this bill together, perhaps we can put together some sort of a demonstration, Mr. Chairman, really directed towards maybe even girls in the middle school, because we were saying chances are in elementary school they are all learning at the same level, but in the middle schools and high schools, it seems at that level they are interested in some other things. I am not sure if I have any other questions. This is just such an interesting topic we could probably keep you here for another hour, but I just want to thank you again and tell you that I know the Chairman and I appreciated the opportunities, the challenge, the potential of your agency, and I for one look forward to continuing to work with you and to see if we can be helpful through the grand process in creating those partnerships that have been very exciting.

In New York, I was talking to a young man who is one of those making mega millions, and he uses the term "knowledge navigator," and not only is he contributing to computer technology, but he is bringing in the trained people to work with the students and to work with the teachers because he found by just contributing the equipment, they were going nowhere. And so through his work he is almost revolutionizing, creating a revolution in the school.

So you have great potential, not only of providing the dollars, but changing the way the schools, the libraries, are working, and the links between what you are doing in the after-school account are obvious, the comprehensive school, the whole school reform that you have been working on. And I am very excited about it and I look forward to continuing discussions.

Ms. SHEPPARD. Well, thank you very much for your words of support. Those are the kinds of things that go a long way for us.

NATIONAL DIGITAL LIBRARY

Mr. PORTER. Can we talk about the national digital library for a minute?

Ms. SHEPPARD. Certainly.

Mr. PORTER. Can you lay out for us the concept of the national digital library, and are you requesting the funding for this in fiscal year 2001? And if so, how much?

Ms. SHEPPARD. The concept of a national digital library is one that is based on an educational role, and it is the concept of bringing together the resources in museums, in libraries, the science and math education resources presently being developed through National Science Foundation, the resources of many of our national treasurers, the Smithsonian, the National Park Service, and bringing them together in one gateway representing the best of the quality information that is useful and structured in a way that access to it is meaningful, so that it has many, many different layers.

When we spoke about this last year, and it had just come up as a special funds initiative. Although that funding was not there in the long run, it did say to us that this is not just an issue of content. This is an issue of very, very core infrastructure. I have learned a whole lot about metadata and all of these things during the course of this year, and we felt that in order to address the issue, we needed to play a very strong convening role to identify what are all of the issues within the whole definition of this, which we did, and we are very pleased that that process has led to an ongoing conversation at an interagency level, and has also connected us with some of the best and brightest out there addressing these issues.

This year, yes, there is money here that moves in that direction. On the other hand, it is not a specific line item. We looked at the three components that were so clear to us. Again, those questions of access and making sure that as content comes together it is, can be accessed. The training issues and then looking at the research demonstration projects, digitization grants that we give on both sides of the library to the museum, that all of these would be leading to developing these resources in a connected way. So that the increases for technology as a whole across these budgets, these steps are measured—are included in there. There was no way to separate this out. It just gave us a vision that we could see how we could move toward it.

Mr. PORTER. Clearly you have authority to do this. You don't need authorizing legislation to set this up. You don't need a special line item for it either, can simply take it out of the funds that you have; correct?

Ms. SHEPPARD. That is correct.

Mr. PORTER. I am not sure why you asked for a special funding initiative last year to do this rather than simply add it to your existing funding.

Ms. SHEPPARD. That is how we are doing this.

Mr. PORTER. I am not sure why Congress said specifically no either, and I ought to know the answer to that, but I don't.

Ms. SHEPPARD. I believe it was presented to us in that way, that here is something we would like you to take on, and we have been, from that moment, committed to working toward that concept, because that is ultimately how we provide access.

Mr. PORTER. The report language specifically denies funding for some reason. And I certainly don't recall. Conference agreement does not accept the President's request for $5,000,000 for the National Leadership Grants for libraries, for the National Digital Library Initiative. The increase in funding for this account should be used for new awards under the regular grant competition et cetera. I don't know whether that came as a result of the Senate's position on it or not, but in any case, it seems to me that this is a project that ought to proceed, and my only question then would be, would the increase that the President has suggested allow you to initiate this and begin the process traditionally?

Ms. SHEPPARD. I believe that we have really started that process through the way in which we have convened a——

Mr. PORTER. So you are already really doing it.

Ms. SHEPPARD. And working with the National Science Foundation, in particular, has been very effective because what we are doing is sharing research, and those are the kinds of things that perhaps were really in mind as this was started to bring together everybody who would be a player, providing rich content and finding ways to identify those issues. So we are very much committed to seeing that we are not a separate pocket somewhere doing our own thing, but bringing this together that we are aiming toward a very central idea.

GOVERNMENT PERFORMANCE AND RESULTS ACT

Mr. PORTER. Now, an important question but a more kind of nuts-and-bolts kind of thing. Under GPRA, we have emphasized to every department and agency, the importance of focusing on results-oriented standards. We notice that most of your performance indicators are still very output-focused. And you are measuring, for example, the number of awards made rather than what the results of the awards might be. What do you have in your plans to develop outcome-oriented indicators rather than these output-focused indicators that we think represent the old way of thinking?

Ms. SHEPPARD. Let me begin by saying we are totally deeply committed to the process of outcome-based evaluation. Everyone on staff has now undergone training and we have developed a long-term relationship with a consulting organization that is helping us develop outcome-based training for every one of our grantees. So in the process of identifying what outcomes mean to us and how we are going to be able to report back the outcomes of this funding, we have recognized that we have to take that leadership role to learn it, understand it, incorporate and share it with our grantees.

We have brought in eleven of the State agencies for training, and we have trained a number of the various grantee programs also, in fact we have training going on next week with the Native American Enhancement Grants. We are also being recognized by other agencies as having taken this leadership role.

So I want to stress that very important commitment that we have made to it. I think that part of the broader issue here is the fact that the development of benchmarks is also an important part of being able to put in place a number of the performance indicators that will show that what the outcomes are and that doing benchmarks for the range of library services is pretty daunting, as you can imagine, with everything that is out there.

So we have made quite a strong commitment also to determining many of those benchmarks. We are presently putting together a couple of strong survey instruments, one of which is going to be working with the library community in determining the extent right now of their digitization projects that are in place and planned, and what the impact of those will be, so that we can measure, as we do more in the way of digitization, exactly what kinds of projects we are producing and what the impact of Federal grants will be.

We have just undertaken the first analysis of the LSTA State reports, which required a little bit of time. So what you are seeing here gives you a little bit of some of the numbers, but in those State reports we can also see, again, the role that these programs

are playing in terms of enhancing connectivity as well as many of the other community services. We did undertake and complete a lexicon project, which was finding that initially these reports and 5-year plans from the States used a lot of different language to describe some of the same things. So we have pared that down to provide us that vocabulary that we know that we can identify. We have also had a history of doing a systematic use of advisory groups that we bring in to help provide feedback, and impact feedback, in particular, that process is underway and we regularly evaluate each of the programs.

So I think that where we are going and how this performance report is changing reflects much more of that baseline information, benchmarking information. Our commitment to the process of outcomes and then being able to share that I know formation much better next year.

Mr. PORTER. Well, I realize it is where you do a great deal of grant-making or award-making, it is difficult to develop the outcome performance standards, but there are many institutions of the Federal Government that have the same type of role, and you probably could draw on, perhaps, their experience in doing that. We have a number of other questions for the record that we would ask you to answer, Ms. Sheppard.

We appreciate very greatly the intellect and leadership you bring to this role. You are doing a wonderful job there and thank you for appearing today.

Ms. SHEPPARD. Thank you very much.

Mr. PORTER. We will stand very briefly in recess.

[Recess.]

[The information follows:]

[The following questions were submitted to be answered for the record]

ADDITIONAL PROGRAM FUNDING REQUESTED

Chairman Porter: You are requesting additional funds for programs in all areas, State Grants, National Leadership Grants and Library Service to Native Americans and Native Hawaiians. You have indicated these funds will address increased technology access. How will these funds increase technology access? How much was spent for these programs in fiscal year 2000? How much is requested for this activity in fiscal year 2001?

Ms. Sheppard: Our role at IMLS is to provide funding, to share best practices, and to manage solid competitive grant programs that energize creative thinking. Since the State Library Agencies have the flexibility to use the State Grants to best serve their needs, it is difficult to establish an exact figure on what portion of that total allocation is used for technology. The most current information we have on State Library Agency activities suggest a little more than half of the State Grants appropriation was used for activities related to technological access, which is approximately $75 million. In the National Leadership Grants program, a much larger percentage of those activities are related to technological access, close to $10 million. For the Native American program, we estimate that about $1.2 million of the allocation is used for technology-related activities. That brings the estimated total for FY2000 to $86.2 million. For FY2001, we are asking for an increase of $5 million for the State Grants program and around $2 million for the National Leadership Grants program. We expect that much of this will be used for technology activities, including training and development.

The funds for technology help libraries increase access through technology in a variety of ways. Some will increase the number of computers, workstations, bandwidth, and graphical access. The State of Florida is a leader in this area – through a concentrated program of "Basic Connectivity Grants," today 99.5% of Florida's 481 public libraries are now providing public Internet access. An important component of this is establishing statewide networks to share online products and services among all libraries in a state. This can include access to searchable full-text newspapers and magazine articles, career banks, and health information – all of which mean library patrons will have access to more resources at their local library than previously possible due to cost limitations. Wisconsin's Badgerlink provides access via computer to articles from 4,000+ newspapers and magazines, and to a statewide library catalog of over 6 million titles housed at the 1,000 libraries statewide.

Training is a very important component of technology – both training for library staff, and training for library patrons. Professional development opportunities and programs that "train the trainers" are one area in which the investment of federal dollars has a huge impact. The College of DuPage, Illinois is utilizing distance learning technology to train 5,000 library staff across the state. Many libraries are now also offering free computer classes and training in effective use of the Internet to their library patrons, plus access to email accounts. "TIME: Today's Information Made Easy" at the Calvert County Public Library in Maryland is one successful example of technology training programs for library patrons.

Finally, libraries are continuing in their traditional role of outreach, with a new twist to include technology. The Cybermobile of the Muncie Public Library in Indiana takes a high tech van into areas that are unable to travel easily to their public library. This is one area that is just now beginning to take off, and the Muncie Public Library has received many requests for information on how to replicate this program.

NATIONAL DIGITAL LIBRARY

Chairman Porter: Last year, you requested five million dollars to develop a new national digital library. Congress did not ultimately approve this funding. Are you requesting any funding for a national digital library for fiscal year 2001 and if so, how much?

Ms. Sheppard: As you have already heard, the FY 2001 budget request includes a major commitment to technology in libraries – which is also true in museums. The greatest impact of these funds will provide much increased access for the general public through providing the tools, networks and processes to support information sharing and equitable access.

This investment is a major step in bringing the vital educational resources housed in libraries across the country online through a National Digital Library. The National Leadership Grants program supports research and demonstration projects and digitization projects further that development. Many of these are providing new content and exciting new ways to bring collections on-line.

For FY2001, we are not asking for funds for a National Digital Library as a separate line item. Instead we are recognizing and addressing issues around bringing content online, and providing a cohesive structure to that content. This includes putting databases online, enhancing interlibrary cooperation, and collaborating with other federal agencies to ensure that our various programs are built around common standards that allow for interoperability. All of these activities will contribute to broad seamless access to all of the work libraries are already doing in this area.

We believe we have provided real leadership to this area. We have designed a careful strategy to work collaboratively across agencies, developing numerous ways of cooperation. In fact, a Presidential memo in December instructed the directors of IMLS, the Smithsonian, the National Park Service and National Science Foundation to take responsibility for working toward a National Digital Library. This memorandum strengthened our existing commitment to working together to meet that challenge.

INTERNET USE AT PUBLIC LIBRARIES

Chairman Porter: Your budget justification indicated that a Department of Commerce survey found that libraries are the number one points of access for those who do not have Internet access at home or work. Your own survey indicated that 90 % of public libraries have some type of

Internet connection, and you cite the need for more workstations, better systems and equal distribution. What funds have you directed to address this problem during fiscal year 2000? How much is requested for this activity in the future? How are the current state grants helping to train people who lack the computer expertise with regard to the Internet? How will you change the way you do business and improve the services you provide?

Ms. Sheppard: The States have the flexibility to make these decisions to address their state's greatest needs - we do not direct how those funds will be spent. We enjoy a highly valued relationship with the State Library Agencies and truly respect their decision-making processes in these areas. We know from their reports, from requests for information and best sharing practices, that many dollars are going and will continue to go towards technology. Again, we estimate that half of the state library allocation, or $75 million, is spent on technology issues. We expect that will continue in the future.

We know that the needs are increasing, and take on many different forms for each state. Some states will increase workstations, some will improve inter-library linkages, and some will increase the bandwidth for Internet connections. Other states may concentrate more on training issues, which takes on many forms – training library staff, training the trainers, and training the public. States are addressing these needs in various ways: New Jersey has installed computer learning centers in 10 public libraries, Texas is using distance learning to reach rural towns; and an IMLS grant in Arkansas, Louisiana, and Mississippi is developing a national model to teach librarians how to accommodate technology needs in building and renovation plans.

IMLS has found a role not just as a grant-making agency, but as a national leader and communicator. These roles are especially important to our ability to be efficient, responsive and relevant to the fields. We are fulfilling this role in many ways.

We take pride in consulting with our constituencies and responding to their needs. Our first conference for State Library Agencies provided for a mutual exchange of information about the State Grants program. We will continue to provide such conferences for the dissemination and gathering of information. Conferences also allow for sharing current research and best practices. The recent WebWise Conference was especially important, as it brought together both library and museum professionals that are working in the new digital world. Together, they heard about promising new projects and discussed issues that affect them all. Our communication with the field is expanding in other ways as well: through our website, our new monthly electronic newsletter, new publications and research, and dissemination of best practices. We are also building towards electronic submission of grant applications. In FY2001, we will also be holding "town meetings" at various locations around the country, where we will have conversations with the field. Finally, we are also implementing a new system of outcome-based evaluation, and are providing training to grant recipients in how to best use it.

MUSEUM-LIBRARY COLLABORATIVE

Chairman Porter: One of the innovative projects supported by the National Leadership grants are projects that model how museums and libraries can work together to expand their services to the public. Can you give us some specific examples of how museums and libraries are working together under this program? How are you sharing the results of these initiatives with the larger museum and library communities?

Ms. Sheppard: The synergy between museums and libraries is especially fascinating. There are many wonderful new projects and ways of thinking, many of which employ new technologies. Others are quite low tech but wonderfully imaginative and important in their outreach.

The Colorado Digitization Project is a comprehensive strategy to bring online the diverse collections in museums, libraries, archives and historical societies. This project is tackling the tough issues of interoperability, training, and taking equipment to those in need.

The Connecticut High School, the Thomas Dodd Research Center, and the Mystic Seaport Museum are developing the "Connecticut Classroom," a comprehensive set of web-based virtual collections that interpret state history. It includes a teaching component to help middle and high school teachers to integrate the resource into their teaching.

In Maryland, the Jefferson Patterson Park and Museum has a strong collaboration of community groups that addresses the lack of documented African American history. One part of the project is collecting stories from teachers who experienced the change from segregation to integration in area schools. These stories will be the basis for a travelling museum exhibition.

We share these projects in a variety of ways. We highlight three innovative projects each month on our website, and excerpt them in our monthly email newsletter. We include them in publications widely available to the field. Finally, we share best practices through conferences, such as the WebWise Conference.

INTERAGENCY EFFORTS

Chairman Porter: This year's budget justification is requesting additional funds to build an interagency effort with the National Science Foundation, the National Park Service and the Smithsonian Institute to examine specific issues of metadata and core standards for information sharing. What goals do you hope to accomplish through this partnership? How much additional funding is requested for fiscal year 2001? Have the agencies involved with this effort contributed funds for this project?

Ms. Sheppard: Through interagency efforts we build on one another's strengths. I spoke earlier about our collaborations with the Smithsonian, the National Park Service, and the National Science Foundation in the area of the National Digital Library. Through this cooperative effort,

we are attempting to ensure interoperability of the many digital projects going on around the country. Most importantly, researchers for the National Science Foundation are tackling the very difficult issues surrounding the management, organization, and creation of digital materials – including metadata and standards for information sharing. These efforts allow us to leverage each other's expertise.

RENTAL OF SPACE

Chairman Porter: Your proposed budget request an increase of 113% for rental space. Can you explain why this increase is so much more than last year?

Ms. Sheppard: Many of our increased needs for space relate to the maturation of the agency – we have begun to fill previously unfilled personnel positions and we are increasing our services to the field. Part of the requested increase in space rental would allow for increased space to accommodate the larger staff and augmented services.

We are also faced with a move – the General Services Administration has informed IMLS that it intends to redevelop the Old Post Office Building where we are currently housed. In preparation for a move, the three federal agency tenants are looking at all available options within the central business district. The budget request presumes a relocation in mid-year 2001, and current market rate for rental in any potential new location are approximately 25% higher than current rates. Even if IMLS does not relocate, GSA is expected to increase rental rates significantly to bring them in line with current market rate.

CONTRACTUAL SERVICES

Chairman Porter: Your proposed budget also calls for an increase of 130 % for "other contractual services". Can you describe what services these are, why they cannot be done in-house, and why such a large increase is requested?

Ms. Sheppard: In all we are doing we work at seeking an appropriate balance between administrative and programmatic costs. Many of our new needs associated with our growth of services and leadership require a short term investment, rather than a long term investment in staff. One example of this is the training in outcome-based evaluation. This is not an area of expertise for our existing staff. However, developing models and refining the outcome-based evaluation process invests tremendously in the future of this agency and its ability to evaluate the impact of our grants and services. We feel that the short-term investment by contractual service with an expert in the field is very cost-effective.

There are many other areas that require outside expertise for development, all of which could not be done cost-efficiently by existing staff. This includes conference and town meeting management that allow IMLS to communicate with the field. We are also in the midst of a development of a new full-featured database management system that contributes to better

internal management and prepares for electronic grants submission. Our website also will be enhanced to incorporate new content and new features, in response to input from the field. While some additions can be done in-house, for more complex features, we do require outside assistance. We also are expanding our research, and use contractual services to help design and implement research vehicles.

All of these areas are very core to our request for an administrative increase. Again, IMLS has matured into a leadership agency, which leads to an assessment of new services that can be offered, and that are needed by the field. In some cases, contractual services are the most effective use of funds.

ELECTRONIC INFORMATION FUNDING REQUEST

Chairman Porter: Your justification has stated that the electronic information environment presents many new challenges the way the Institute of Museum and Library Services does business, and offers opportunities to maximize the impact of grant programs with regard to improvement of services. You are requesting increased funding in research, convening groups for various discussions, and increased cooperation and coordination among other federal agencies. How much is requested for fiscal year 2001? How much was allocated in fiscal year 2000 for this area? Where will these group discussions be conducted?

Ms. Sheppard: Much ongoing research provides an essential base for identifying needs and to gauge the effectiveness of IMLS programs. One example of this is upcoming research into technology and digitization in the museum and library fields. We also continue to evaluate all IMLS grant programs on a rotating basis to ensure that they are effective and useful. We also carry out discussions with the field, which are essential to analyze program effectiveness and to shape programs to meet both existing and new needs. For FY2001, we are requesting $500,000 to hold conversations with the field, an increase of $150,000 for research, and $325,000 for conferences. The group discussions are in the planning stage, and locations have not yet been selected. Locations will be strategically selected for the greatest possible variety of audiences and to reach out to both museums and libraries.

AFTER SCHOOL CENTERS

Chairman Porter: Your budget justification states that you are seeking funding for libraries to support after-school programs. How much do you plan to spend on this activity in fiscal year 2001? How will these programs be coordinated with the after school programs operated by local schools and funded under the Department of Education?

Ms. Sheppard: The Queens Borough Library tells a dramatic story at recognizing young people coming to the library day after day after school. The library responded to this by developing a "Latch Key" program to provide a structured after-school learning environment, and by training

librarians and volunteers to offer tutoring and homework assistance. This was a major undertaking, and is a key program of the library. However, this is not unusual – vast numbers of libraries do have after-school programs and activities. Generally, these are funded through the LSTA State Grants program. We estimate that approximately $1,000,000 of the request will support these programs at the state level.

These after-school programs offer parents and students a choice. They are often coordinated with local school programs. Many libraries do indeed take programs into the schools where 21st century learning centers are located. Many library programs are an alternative to other after-school programs, and are very vital and very meaningful in their communities. Many of those programs are a response to a demonstrated need in their community – as in the experience of the Queens Borough Public Library.

OUTCOME BASED PERFORMANCE INDICATORS

Chairman Porter: One of the challenges for agencies under the Government Performance and Results Act is to develop outcome based performance indicators that will help them and Congress determine the extent the federal programs are making a difference in peoples lives. I noticed that most of your performance indicators are still very output focused, that is, you are measuring the number of awards made, rather than focusing on the results of the awards. When will you be developing outcome-orientated indicators? You are required to show for each indicator a baseline of how you are doing now compared to your goal. Can you provide this for the record and will next years budget justification include this information?

Ms. Sheppard: The development of benchmarks for library services is a daunting task. It is truly an immense project considering the diversity of programs undertaken by libraries. It has been additionally challenging considering how much effort IMLS has had to put into establishing all of the basics of administering these new programs.

That said, however, we have developed a series of strategies to provide this information, and are committed to this. We are developing baseline measures through survey instruments. We have recently completed a study on library/museum partnerships. We are about to begin a study on the status of digitization projects in libraries, which will extend into many areas of their use of technology in providing basic services.

We are also beginning to analyze the first report on the uses of LSTA funds from the states. As the law does not require states to submit annual reports, these are voluntary efforts on the part of the states. We expect that these reports will provide an excellent profile of services throughout the country. One challenge of this is that each state tends to use different language to describe similar services. We have completed an important "lexicon" project that is a basic tool to identify core areas of library programs when analyzing these reports. We have also held focus groups and telephone interviews with the Chief Officers of the State Library Agencies to provide feedback on our services to date. We also have a systematic method of using advisory groups to review and analyze our programs. We have a history of program evaluation on the museum side

that is being extended to the library programs. Both of these activities ensure that IMLS programs remain responsive to current needs in the field.

Finally, we have a real commitment to outcome-based evaluation methodology that will provide a consistent user-based evaluation of the impact of library services. I have great pride in the efforts we have undertaken in this area. All IMLS staff has undergone training in this methodology. Eleven State Library Agencies have volunteered to be part of a pilot project to incorporate outcome-based evaluation in their reporting. IMLS is also in the midst of training all current grant recipients in outcome-based evaluation. As a result of this training, a literacy project from California was completely revamped to include this evaluation method. IMLS is a leader in this area, and has been receiving requests from other federal agencies, private foundations, and state and local programs for guidance and more information in this area.

All of these areas contribute to addressing the issues you've raised about developing outcome-focused indicators.

WEDNESDAY, MARCH 29, 2000.

RAILROAD RETIREMENT BOARD

WITNESSES

CHERRYL T. THOMAS, CHAIR
V.M. SPEAKMAN, JR., LABOR MEMBER
JEROME F. KEVER, MANAGEMENT MEMBER

INTRODUCTION OF WITNESSES

Mr. PORTER. The subcommittee will come to order.

We continue our hearings on the appropriations for fiscal year 2001 with the Railroad Retirement Board; and we are pleased to welcome Cherryl T. Thomas, the Chair; Jerome F. Kever, the Management Board Member; and V.M. Speakman, the Labor Board Member, this morning. Welcome to all of you. Nice to see you.

Ms. Thomas, why don't you proceed with your statement, and then I assume Mr. Kever and Mr. Speakman have statements as well, and then they can follow.

OPENING STATEMENT

Ms. THOMAS. Thank you.

Mr. Chairman and Members of the Committee, good morning. I am Cherryl T. Thomas, Chair of the Railroad Retirement Board, and with me today presenting joint testimony are V.M. Speakman Jr., the Labor Member of the Board, and Jerome F. Kever, the Management Member of the Board.

Mr. Chairman, at this time, we would like to take a moment to extend to you our best wishes as you close your distinguished public service career. For 20 years you have been a strong and trusted voice for the residents of the 10th District as you have championed such important issues as the protection of our environment, the advancement of human rights, the pursuit of biomedical research, and the commitment of our Government to ethical and fiscal responsibility. As Chairman of this Subcommittee, you have provided fair and compassionate oversight for programs vital to the health and welfare of millions of Americans, including the Nation's railroad workers and their families. On behalf of the employees of the only Federal agency headquartered in the great State of Illinois, we congratulate you and thank you for your leadership and your willingness to serve.

The Railroad Retirement Board administers comprehensive retirement-survivor and unemployment-sickness insurance benefit programs for railroad workers and their families under the Railroad Retirement and Railroad Unemployment Insurance Acts. The Board also has administrative responsibilities under the Social Security Act for certain benefit payments and Medicare coverage for

railroad workers. During fiscal year 1999, the Board paid $8.2 billion in railroad retirement and survivor benefits to 748,000 beneficiaries, and unemployment and sickness insurance benefits of $95 million to nearly 34,000 claimants.

NEED FOR ADDITIONAL FUNDING

While our financial reports on the funding of these programs have been favorable, my fellow board members and I are concerned that the agency's level of program service will begin to deteriorate as a result of funding constraints this fiscal year. Despite having significantly reduced staffing and spending in such areas as travel and training during fiscal year 2000, we simply do not have the funds necessary to provide for our information technology initiatives. These important initiatives would have strengthened our technological infrastructure, helped us to develop new systems and allowed us to better fulfill various requirements pursuant to Federal mandates. Our inability to fund the activities needed to start and/or continue certain mission-critical automation initiatives, combined with the large number of employees who have left the agency, will begin to erode our performance this year and in years to come.

The President's proposed budget level of $92.5 million for the Board's fiscal year 2001 administrative expenses is not sufficient to address our concerns relative to our ability to provide adequate service. With a budget of $92.5 million we will be required to once again defer technology investments and further reduce staffing.

We will, for example, be unable to acquire the technology to pursue our automation initiatives. We will again be forced to defer mission-related projects, such as future phases of a system to allow applications to be taken on-line, in a paperless, folderless environment, as well as providing "one and done" customer service. Moreover, we will be unable to expand our use of document imaging, a multiyear information technology project that has already been successful in our unemployment and sickness insurance program.

Finally, we will have insufficient funding to invest in Internet security tools and technology essential to conducting electronic business transactions in a safe, private, and secure environment. Specifics on these investments in technology are detailed in our written statement.

STAFFING REDUCTIONS

As to staffing, the Board has undergone dramatic reductions in staffing over the last several years, which have affected our ability to withstand further cuts. We estimate that the President's proposed funding would be sufficient for only 1,112 full-time equivalents, which is 70 FTEs less than we started with in fiscal year 2000 and 84 FTEs less than we utilized in fiscal year 1999. At the President's proposed level of $92.5 million the FTE reductions from 1993 through fiscal year 2001 are projected to total 586, or a reduction of about 34.5 percent of the Board's total staff. This is almost double the reduction of 18.2 percent projected for total civilian employment in the Executive branch of the government and nearly four times the reduction of 8.7 percent projected for nondefense em-

ployment shown in the Analytical Perspectives published as part of the President's proposed budget for fiscal year 2001.

In order to meet the staff reductions resulting from budget constraints in fiscal year 2000, the Board was granted authority to offer buyout payments through March 30th, 2000. The Board has fully utilized this authority, approving buyouts for 67 employees, which reduces our costs by approximately $550,000 this year and as much as $4 million annually in fiscal year 2001 and beyond. Since fiscal year 1994, we have granted buyouts to 244 employees.

Mr. Chairman, we thank you and the Members of the Subcommittee for your continued support in granting us buyout authority, which enables us to avoid a significant reduction-in-force and even greater disruption to our operations.

We fully recognize that, over time, we can and must perform our operations with even fewer employees. However, if we continue to reduce our staff before we have the proper automation support in place, our customer service, including benefit payment accuracy and timeliness, will suffer.

REQUEST FOR ADDITIONAL FUNDING IN FISCAL YEAR 2001

We estimate that the Board will need an additional $2.5 million in fiscal year 2001, for a total administrative appropriation of $95 million.

First and foremost, we will need an increase of approximately $2 million for automation initiatives to achieve our long-term objectives of proper efficiency and continued quality customer service. In addition, we will need approximately $500,000 for salary and benefits to maintain our current level of customer service by funding 1,119 FTEs in fiscal year 2001.

INFORMATION TECHNOLOGY

The Board's Capital and Information Resources Management Plans, both of which support the agency's Strategic Plan, outline a comprehensive approach toward maintaining and enhancing our customer service. These plans, however, cannot be implemented without closing the sizeable gap between our planned initiatives and those which a reduced level of funding would permit.

As you consider our request for funding of $95 million in fiscal year 2001, it is important to remember that the Board administers entitlement programs established by the Congress. Our basic entitlement programs are not subject to discretionary spending; payroll taxes paid by railroad employers and employees are their primary source of financing. In order for us to manage the significant cuts in staffing we have already experienced, as well as additional cuts in future years, our agency must have the information technology tools in place to help maintain an adequate level of customer service.

RENTAL CHARGES BY THE GENERAL SERVICES ADMINISTRATION

Last but not least, it should be noted that our funding request provides for paying actual costs for rent to the General Services Administration, rather than commercial rates. We are continuing to work with our authorizing committee, the House Transportation

and Infrastructure Committee, toward enactment of our proposed legislation to make this arrangement permanent.

CONCLUDING REMARKS

In concluding our testimony, we want to stress the Board's continued commitment to improving our operations and providing quality service to our beneficiaries in the face of tight budgetary constraints. Without the appropriate level of funding support from the Congress, we will be unable to meet our objectives and fulfill our commitments to our constituents.

Yet again, Mr. Chairman, I thank you for the opportunity to appear before you today. We will be happy to respond to any questions you or the Members may have. Thank you.

Mr. PORTER. Thank you.

[The information follows:]

RAILROAD RETIREMENT BOARD

Statement by

Cherryl T. Thomas
Chair of the Board

V. M. Speakman, Jr.
Labor Member of the Board

Jerome F. Kever
Management Member of the Board
on
Fiscal Year 2001 Appropriation Request for
the Railroad Retirement Board

Mr. Chairman and Members of the Committee:

Good morning. I am Cherryl T. Thomas, Chair of the Railroad Retirement Board, and with me today presenting joint testimony are Mr. V. M. Speakman, Jr., Labor Member of the Board, and Mr. Jerome F. Kever, Management Member of the Board.

Mr. Chairman, at this time we would like to take a moment to extend to you our best wishes as you close your distinguished public service career. For 20 years you have been a strong and trusted voice for the residents of the 10th district as you have championed such important issues as the protection of our environment, the advancement of human rights, the pursuit of biomedical research, and the commitment of our Government to ethical and fiscal responsibility. As Chairman of this Subcommittee, you have provided fair and compassionate oversight for programs vital to the health and welfare of millions of Americans, including the nation's railroad workers, retirees, and their families we serve. On behalf of the employees of the only Federal agency headquartered in the great State of Illinois, we congratulate and thank you for your leadership.

The Railroad Retirement Board (RRB) administers comprehensive retirement-survivor and unemployment-sickness insurance benefit programs for railroad workers and their families under the Railroad Retirement and Railroad Unemployment Insurance Acts. The RRB also has administrative responsibilities under the Social Security Act for certain benefit payments and Medicare coverage for railroad workers. During fiscal year 1999, the RRB paid $8.2 billion in railroad retirement and survivor benefits to 748,000 beneficiaries. We also paid unemployment and sickness insurance benefits of $95 million to nearly 34,000 claimants.

PRESIDENT'S PROPOSED FISCAL YEAR 2001 APPROPRIATION

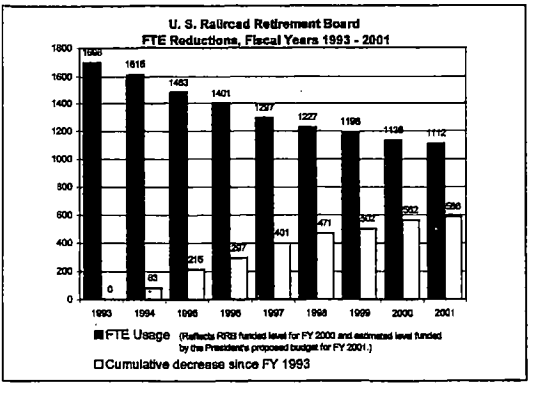
We expect that, as a result of funding constraints in fiscal year 2000, we will experience a degradation of program performance this fiscal year. This is clearly presented in our Annual Performance Plan, which was submitted as part of our *Justification of Budget Estimates for Fiscal Year 2001*, beginning on page 40. And, despite having significantly reduced staffing and

spending in such areas as travel and training during fiscal year 2000, we simply do not have the funds necessary to provide for our information technology initiatives as planned. These important investments would have strengthened our technology infrastructure, helped us to develop new systems, and allowed us to better fulfill various requirements pursuant to Federal mandates. Our inability to fund the activities needed to start and/or continue certain mission-critical automation initiatives, combined with the large number of employees leaving the agency, will affect our performance in fiscal year 2000, and probably in the years to come.

The President's proposed budget level of $92.5 million for the RRB's fiscal year 2001 administrative expenses is not sufficient to allay our concerns about our ability to provide adequate service to our customers. With a budget of $92.5 million in fiscal year 2001, we will be required to once again defer information technology investments and further reduce staffing. These technology investments are geared to improving our operations and making them more efficient, and are essential in order to continue providing excellent customer service with vastly reduced resources.

We will, for example, be unable to acquire outside assistance or new technologies to pursue our automation initiatives. We will again be forced to defer mission-related projects, such as future phases of a system to allow applications to be taken on-line, in a paperless, folderless environment, and "one and done" customer service. Moreover, we will be unable to expand our use of document imaging, a multi-year information technology project that has already been successful in our railroad unemployment and sickness insurance program. Finally, we will have insufficient funding to invest in Internet security tools and technology that are essential to conducting electronic business transactions in a safe, private, and secure environment in the future.

Regarding staffing, we estimate that the President's proposed funding would be sufficient for only 1,112 full-time equivalents (FTE's). This is 70 FTE's less than we started with in fiscal year 2000, and 84 FTE's less than we utilized in fiscal year 1999.



Over the last several years, the RRB has undergone dramatic reductions in staffing which affect our ability to withstand further cuts. As shown in the above chart, at the President's proposed level of $92.5 million, FTE reductions from 1993 through fiscal year 2001 are projected to total 586, or a reduction of about 34.5 percent of the RRB's total staff. This is almost double the reduction of 18.2 percent projected for total civilian employment in the Executive branch, and nearly four times the reduction of 8.7 percent projected for non-defense employment shown in the *Analytical Perspectives* published as part of the President's proposed budget for fiscal year 2001.

Over the years, we have used our automation investments wisely, which has allowed us to improve operations with significantly less staff. We fully recognize that, over time, we can and must perform our operations with even fewer staff. However, if we continue to cut our staff before we have the proper automation support in place, our customer service, including benefit payment accuracy and timeliness, will suffer even more.

VISION FOR THE FUTURE

Having successfully completed the year 2000 (Y2K) project, which ensured that our systems function accurately with dates that include the year 2000 and beyond, the major challenge we now face is solidifying our plans to support our vision of how we should conduct our business in the 21st century. We envision our customers having a variety of choices when contacting the RRB, whether that be in person or by telephone, mail, interactive voice response system, or the Internet. Our customers should know that, in almost all cases, they will be able to conclude their business within the context of that one, initial contact. To create this environment, the RRB will need highly trained employees who are able to resolve customer issues when contacted. RRB employees, in turn, will need enhanced information technology capabilities to complete their handling of each transaction on the spot. To enable the customer to leave with answer in hand, the RRB will have programmed many types of customer transactions into its systems for automated execution on the appropriate calendar date, without further intervention by RRB employees. The benefits of this business environment include a higher level of service to the customer, who will usually receive a final answer at the first contact with the agency. Moreover, handling each transaction only once is a much more efficient process requiring fewer resources and resulting in fewer errors. With careful planning and investments, we believe we can establish a framework for an efficient and effective information technology environment that supports our vision and our strategic goals well into the future. To get to that point, the RRB is requesting additional funding in fiscal year 2001, as detailed in the next section.

REQUEST FOR ADDITIONAL FUNDING IN FISCAL YEAR 2001

We estimate that the RRB will need an additional $2.5 million in fiscal year 2001, for a total administrative appropriation of $95 million. First and foremost, we will need an increase of approximately $2 million for automation initiatives to achieve our long-term objectives of improved efficiency and continued quality customer service. In addition, we will need approximately $0.5 million for salary and benefits to maintain our current level of customer service by funding 1,119 FTE's in fiscal year 2001. Our funding request provides for paying

actual costs for rent to the General Services Administration. We are continuing to work with the authorizing committee toward enactment of our proposed legislation to make this arrangement permanent.

Our requested information technology initiatives are necessary to position the agency to achieve its long-term vision. The RRB's Information Technology Capital Plan was developed in support of our Strategic Information Resources Management Plan. Both support the agency's Strategic Plan, prepared in accordance with the Government Performance and Results Act. These plans outline a comprehensive approach toward maintaining and enhancing our customer service, but cannot be implemented without closing the sizeable gap between our planned initiatives and those which a reduced level of funding would permit. Accordingly, we are requesting a net increase of approximately $2 million above the President's budget for information technology. This will support a broad range of additional technology investments needed to ensure excellent customer service in the future by improving our efficiency. These investments in technology can be grouped into three major categories: "one and done," e-commerce, and technology infrastructure.

"One and done" -- Initiatives in this category represent key system development projects that are required to achieve our primary customer service strategy of "one and done," which represents a more streamlined, efficient, and effective process of providing service to the public. It is the ability to provide our customers with accurate, on-the-spot responses to their telephone calls, letters, applications for benefits, or other service requests. However, in order to achieve this level of service delivery, the RRB must have automated systems that can access and process information, and deliver accurate results to the customer or our employee at the time it is needed. Many of our current application systems must be replaced or extensively revised to enable this kind of customer support. Our "one and done" initiatives include document imaging and several projects to provide real-time calculation data and other information needed for prompt service to our customers.

E-commerce -- Initiatives in this category are required to provide electronic services to the public, as mandated by the Government Paperwork Elimination Act of 1998 and other Federal directives. Although we currently operate a comprehensive Website that provides a wealth of general information to the public, we are not yet positioned to offer interactive, individual-specific, electronic services as an alternative to our customers. To do so, we must develop new Web-enabled application systems that provide a high level of security, privacy, and stability. This requires new software to develop Internet applications and to establish secure Internet transactions.

Technology infrastructure -- These investments are required to establish a firm foundation for the technology advances we have planned, and to maintain our operational readiness. This will require replacements and upgrades to agency networks, desktop computing hardware and software, and system development tools. In addition, we will need contractor assistance for the development of an integrated information technology architecture for the agency.

As you consider our request for funding of $95 million for fiscal year 2001, it is important to remember that the RRB administers entitlement programs established by the Congress. Our basic entitlement programs are not subject to discretionary spending, and their primary source of

financing is payroll taxes paid by railroad employers and employees. In order for us to manage the significant cuts in staffing we have already experienced, as well as additional cuts in future years, our agency must have the information technology tools in place to help maintain an adequate level of customer service.

FINANCIAL STATUS OF THE TRUST FUNDS

Railroad Retirement Accounts. At the end of fiscal year 1999, the net position in the railroad retirement accounts was $18 billion, an increase of nearly $1.5 billion over the previous year. In June 1999, we released a report on the actuarial status of the railroad retirement system covering the 25-year period 1999 through 2023. That report, which is generally favorable, indicates that no cash flow problems arise over the 25-year projection period. This is an improvement over last year's report and reflects continued favorable employment experience in the railroad industry.

Railroad Unemployment Insurance Accounts. The equity balance of the railroad unemployment insurance accounts at the end of fiscal year 1999 was $109.6 million, an increase of $7.1 million from the previous year. The RRB's 1999 railroad unemployment insurance financial report was also favorable, indicating that even as maximum benefit rates increase 43 percent (from $44 to $63) from 1998 to 2009, experience-based contribution rates are expected to keep the unemployment insurance system solvent, except under our most pessimistic assumption. Even then, projections show only a small, short-term cash flow problem with quick repayment of the loans.

In concluding our testimony, we want to stress the RRB's continuing commitment to improving our operations and providing quality service to our beneficiaries in the face of tight budgetary resources. Without the appropriate level of funding support from the Congress, we cannot do either.

Thank you for the opportunity to appear before you today. We will be happy to respond to any questions you may have.

RAILROAD RETIREMENT BOARD

BIOGRAPHY OF CHERRYL T. THOMAS

Cherryl T. Thomas was appointed to the position of Chair of the United States Railroad Retirement Board by President Clinton in April of 1998.

Prior to her appointment, Ms. Thomas had served since 1994 as Commissioner of the Department of Buildings for the City of Chicago. In her career with the City of Chicago, Ms. Thomas also served as Deputy Chief of Staff to Mayor Richard J. Daley from 1992 to 1994, Director of Personnel Policy and Utilization for the Department of Water from 1989 to 1992, and Director of Management Services for the Department of Aviation from 1983 to 1989. Ms. Thomas began her career with the City of Chicago Water Department as a research chemist.

A native and resident of Chicago, Ms. Thomas received her B.S. degree in Biology and Chemistry from Marquette University, and her M.S. degree in Physiology from the University of Illinois at Chicago.

RAILROAD RETIREMENT BOARD

BIOGRAPHY OF V. M. SPEAKMAN, JR.

V. M. Speakman, Jr. was appointed Labor Member of the U.S. Railroad Retirement Board in August 1992. Mr. Speakman, who was appointed on the recommendation of the Railway Labor Executives' Association, had served as the President of the Brotherhood of Railroad Signalmen since 1987, prior to his appointment. In this position he also served as Vice Chairman of the Railway Labor Executives' Association (RLEA), Chairman of the RLEA's Committee on Railroad Retirement, and as Secretary-Treasurer of the Transportation Trades Department of the AFL-CIO. Other posts held in the Brotherhood of Railroad Signalmen were Vice President, 1985-87; Director of Research, 1984-85; Grand Lodge Representative, 1979-84; and Local Lodge Chairman, 1977-79. He began his railroad career as a signalman and foreman on the old Pennsylvania Railroad, now a part of Conrail. A veteran, Mr. Speakman served with the U. S. Air Force in Vietnam.

Mr. Speakman, a native of Ohio, now resides in Schaumburg, Illinois with his wife Karen.

RAILROAD RETIREMENT BOARD

BIOGRAPHY OF JEROME FRANCIS KEVER

Jerome F. Kever was reappointed to serve as the Management Member on a three-member board of the U. S. Railroad Retirement Board by President Clinton, and confirmed by the United States Senate in April 1995 to a five-year term ending in August 1998. Mr. Kever was initially appointed to the Board by former President Bush in August 1992.

Mr. Kever served as Vice President and Controller of the former Santa Fe Pacific Corporation (SFP) (now merged into Burlington Northern Santa Fe) through 1990 after which he served as a financial consultant assisting small businesses. In addition to owning two Class I railroads at one time, SFP also had interests in energy, real estate, pipelines, lumber, leasing, and construction. Prior to SFP, Mr. Kever was the Director of Internal Audit for Household International, a multinational conglomerate with interests in financial services, retailing, car leasing and manufacturing. A Certified Public Accountant, Mr. Kever began his career with the certified public accounting firm of Deloitte and Touche upon graduation from Indiana University in 1968 where he earned a B.S. degree in Accounting. He is a member of the American Institute of Certified Public Accountants.

STATEMENT BY MR. KEVER

Mr. PORTER. Mr. Kever.

Mr. KEVER. Thank you, Mr. Chairman.

Chairman Porter, it has been my distinct professional and personal privilege to testify on behalf of the Railroad Retirement Board before this Subcommittee since my initial appointment in 1992 and especially on a personal level since you have been my Congressman representing the 10th District of Illinois.

While I will miss your leadership and that of your staff on this Subcommittee, I would be remiss if I did not thank you personally on behalf of the employees of the Railroad Retirement Board and the railroad industry for all of your support and interest in our Chicago-based agency while you have been a member of this Subcommittee. It was certainly very helpful for us to have a fellow Illinoisan on the Committee and as Chairman.

I wish you well in whatever you pursue after your distinguished career in Congress and trust that you will stay involved in government issues in some capacity. And I thank you very much.

[The information follows:]

RAILROAD RETIREMENT BOARD

STATEMENT
by
JEROME F. KEVER
MANAGEMENT MEMBER
BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION AND RELATED AGENCIES
MARCH 29, 2000

Chairman Porter:

It has been my professional and personal privilege to testify on behalf of the Railroad Retirement Board before this Subcommittee since my initial appointment in 1992, and especially on a personal level since you are my Congressman representing the 10th District of Illinois.

While I will miss your leadership on the Subcommittee, I would be remiss if I did not thank you personally on behalf of the employees of the Railroad Retirement Board and the railroad industry for all your support and interest in our Chicago-based agency while you have been a member of this Subcommittee. It was also very helpful to have a fellow Illinoisan as Chairman of the Subcommittee.

I wish you well in whatever you pursue after your distinguished career in Congress and hope that you stay involved in government issues in some capacity.

STATEMENT BY MR. SPEAKMAN

Mr. PORTER. Mr. Speakman.

Mr. SPEAKMAN. Mr. Chairman, I don't have a formal statement, but I would also like to echo the sentiments of my colleagues in expressing the very best wishes for you in your future endeavors. Clearly, you have demonstrated a great deal of leadership and openness in the vital issues at the Railroad Retirement Board. I think you need to know, if you don't already know, this fact has not been lost upon the constituency we represent; and rail labor would also wish to thank you and wish you well in your future endeavors.

ADMINISTRATION'S PROPOSED LEVEL OF FUNDING

Mr. PORTER. Ms. Thomas, Mr. Kever and Mr. Speakman, thank you very much for those kind words. I certainly appreciate them very much. This agency has been one that we think is very well managed, and I am kind of dismayed that the President doesn't put the right amount of money in his budget for you. Why is that?

Ms. THOMAS. You want me to answer that?

Mr. PORTER. Yes, I do. I assume you sent up 4.8 percent to OMB and they sent back down 2 percent, which is under inflation, even below the inflation rate we have today. Why?

Ms. THOMAS. I think that the matter which has been explained to us is that we have to remember that, although we can go to the Congress and ask for more, that we are really a government agency and we have to experience the cuts just like everyone else does, which I certainly can appreciate. But I do believe that in some respects we are a bit different, and we have a customer base that we need to support who is accustomed to a certain kind of service from us. And these are, to a degree, private funds; and we think that we need the money to provide the customer service and the increased technology that we must have. But the explanation that we get, basically, is that everyone has to participate in the cuts that are decided by others than ourselves.

Mr. PORTER. I was going to say, what cuts? There are a lot of things the President has increased hugely in his budget.

I think it is very disingenuous—I have said this many times before. I think it is disingenuous of the White House to send up a budget that they know is too low and we know allows them to plus up other accounts and therefore play to constituencies knowing that we believe that this number makes it very difficult for you to operate. It is not done once; it is done time after time after time. And I just think the President well knows that you are not going to be able to do your job with this kind of increase, and we know it. It is a matter of getting the resources.

As I have said many times before, this agency is a very well-run agency. You have looked at the need to set up standards, and you have set them and strived to make them a reality in each case, and we think the money is very well managed. But, you know, it makes it very difficult for us when the President recommends a 2 percent increase and it is in a budget where a lot of the other increases are supported by user fees and taxes that aren't and he knows aren't

going to be enacted. So we will, of course, do the best we can, but it is a problem.

One of the other things that is awfully interesting to us is that if you were Donna Shalala and sitting there and he had cut your budget, Donna Shalala would say, we agree with the President. You know all the Departments never say they disagree with the President's budget. The independent agencies, you are not the only one, will come here and say, the President shortchanged us, and we need more money. We like the refreshing candor of your telling us that it is not a workable budget, and the number is too low.

Take me back through the—you have done all the buyouts you can do, is that correct?

AGENCY BUYOUTS

Ms. THOMAS. We have done all the buyouts we think we can do, absolutely. You know, some of those—about 33 of those were early retirements plus the buyouts, for a total of 67 people who left; and, actually, the buyouts help us to avoid a reduction-in-force which would be more damaging to what we are trying to achieve at the Railroad Retirement Board.

Mr. PORTER. $500,000 is the difference between your number and the President's number, salary and benefits, while $2 million is for information technology investments, correct?

Ms. THOMAS. Correct.

Mr. PORTER. And would you reduce your workforce to implement the technology initiatives or are we just simply putting them off, if you had to have that kind of choice?

INFORMATION TECHNOLOGY INVESTMENTS

Ms. THOMAS. We would have to—actually, at this point, Mr. Chairman, we would have to delay the information technology initiatives. At this point in time, we just cannot lose any more people. We have to service our customers, and they expect that.

Mr. PORTER. The $874,000 for information technology in the President's budget, does that allow for development of new systems or is that just maintenance of the systems you already have?

Ms. THOMAS. It is insufficient to allow for new technology systems.

Mr. PORTER. So that would simply keep everything in place.

Ms. THOMAS. Going.

Mr. PORTER. And maintain them.

Ms. THOMAS. Right.

Mr. PORTER. And provide no new money for new technologies.

Ms. THOMAS. Correct, insufficient funds. We might be able to do something, but it certainly wouldn't be worth it because we need the entire package.

Mr. PORTER. If the $2 million were provided, would that be a one-time investment or would you need that annually into the future?

Ms. THOMAS. Well, as you know, these systems continue to evolve. As far as we can tell, that is what we need to get to where we want to go in terms of the folderless, paperless environment. You are going to need some percentage, of course, over the next few years to update, to make sure you are keeping abreast of the

changing technology, but, as far as we estimate, that is what we need in the coming year, and we would need some percentage in the ensuing 10 or 15 years, too, for updating but not $2 million every year, no.

[The information follows:]

The agency's Strategic Information Resources Management Plan presents estimated funding for information technology expenditures through fiscal year 2004. This information was included in the Fiscal Year 2001 Budget Submission sent to the Congress in September 1999.

PROPOSED REGULATION

Mr. PORTER. Okay. At last year's hearing, you provided your response to a document put together by your predecessor, Mr. Bower, entitled Suggestions for the Future. One of the suggestions was for the RRB to finalize four outstanding regulations. In your response you indicated that three of these had been finalized and implemented. The fourth had to do with reduction and nonpayment of annuities by reason of work which you said had raised concern among both rail management and labor.

Finalizing this rule was put on hold until the year 2000 computer problem was resolved. Now that Y2K is out of the way—and, congratulations, no problems—what is the status of this regulation and can you tell us more about the thrust of the regulation? What are the concerns of both management and labor regarding it?

Ms. THOMAS. Well, Management and Labor, of course, are still working out part 230, but the proposed rulemaking is still being considered by the Board. But I would think that at this point in time we have to remember that H.R. 5 certainly would have an impact on part 230. So, at this point in time, we are still looking at it, but we are waiting to see what happens with H.R. 5 because that would amend part 230. So at this point in time we aren't doing anything with that because of H.R. 5, and I think that maybe my colleagues would agree with that.

Mr. PORTER. And that is for Transportation?

Ms. THOMAS. That is correct.

Mr. PORTER. And what is the prognosis for their action?

Ms. THOMAS. As far as I know, that is going to be passed. I don't have any other information to the contrary.

Okay. It has passed the House.

Mr. PORTER. It has passed the House and Senate already.

Ms. THOMAS. The earnings test, it has passed the House and Senate.

Mr. PORTER. Okay. I wasn't focusing on what H.R. 5 was. That would make a good deal of difference in what you have to do.

PROPOSED LEGISLATION CONCERNING GSA RENT

At last year's hearing, we discussed the potential impact of the RRB, a trust fund agency having to pay full rent cost to GSA. You have traditionally only been held to paying actual cost to GSA, but they have pushed for you paying full rent cost in 1999 and 2000, but they have been discouraged from instituting this policy by OMB and the Congress. You have already told us what the situation is and the fact that you are pushing for actual costs, and maybe you can fill me in a little bit more on what GSA's response

has been to this point. Is this the legislation that is pending before Transportation?

Ms. THOMAS. Yes.

Mr. PORTER. This is the legislation.

Ms. THOMAS. Yes.

Mr. PORTER. Okay, and do you know what they are likely to do?

Ms. THOMAS. Well, what we are hoping they are going to do—and we do feel that we have some support—is to pay actual costs. Social Security is in the same position we are actually with this, and this would increase our budget request by $3.8 million, which we don't have, and it has not been provided for, and we think that the manner in which this has been handled for the last 26 years ought to continue.

We don't think that the trust funds should be utilized for building public buildings and courthouses and some of the things that GSA said that money needs to be utilized for. So we are hoping that we have presented an argument before the Committee that they will understand that these are trust fund moneys that the retirees have a right to, and they shouldn't be utilized for building public buildings.

Mr. PORTER. And if the legislation were to pass and be signed this year, how would that affect your budget numbers? Would that add $3,500,000?

Ms. THOMAS. It would add $3.8 million to our costs if GSA were to have the right to charge us commercial rent.

Mr. PORTER. Otherwise, that amount goes to GSA.

Ms. THOMAS. Correct.

Mr. PORTER. Okay. What is going to happen here is that we are going to go to have a vote and that the minority has requested that we hold no further appropriation hearings because there is a supplemental appropriation bill on the floor; and we are going to have to comply with that and complete our hearing here this morning with your agency and postpone the Libraries Institute until this afternoon.

AGENCY REORGANIZATION

One of the suggestions that Mr. Bower made was for the RRB to undertake additional consolidation reorganization and downsizing. Your response indicated that in December, 1998, you approved a reorganization plan for the three-person executive committee to be expanded to five voting members and one nonvoting member. This plan was instituted in January, 1999. You also indicated that you had hoped that this action would filter down below the executive level. Has this reorganization had the effect that you hoped for? Was the request and approval of buyout authority part of this plan? And what other actions are planned affecting the size and organization of the Board?

Ms. THOMAS. Mr. Chairman, I think that what we have done will, in effect, overall, in years to come, make the agency, if you will, lean and mean, much more streamlined, much more effective. Of course, these things do take time. I was very ambitious, being a new Chair, and you want to get everything done right away so that you come back the next year and say we have done all of these things. It is a process, and it is working.

Just recently, we have added a new Senior Executive Officer, if you will, to the Executive Committee. We think that that will indeed help us to coordinate and communicate much better between the three Board Members and the agency's Executive Committee.

I would say that, overall, we have experienced a very good year. We have had a lot of positive things happen.

But I must say that when you are told that you have to take lots of cuts and that you are possibly facing a RIF, it is disruptive. So, to some degree, we were trying to figure out, if we did not get the buyout authority, what we do and that would cause a RIF. So sometimes it tends to stall the programs that you have going because you have to figure out what you would do if you don't have the people.

In essence, what happened is we got the buyout authority, and we could allow the people that wanted to leave, and we are back at the table putting things in order. But, overall, it is going very well. We have very good people who have been there a long time. So they understand where we are going and how things need to work. So I would say, overall, it has been very positive.

Mr. PORTER. Thank you, Ms. Thomas.

Mr. Dickey, we are going to have to adjourn this hearing after we recess for the vote. We are going to have to—the minority has requested that we hold no further hearings this morning because the supplemental is on the floor. So I am going to call on you and ask you when you finish your questions then to recess until two p.m.

Mr. DICKEY [presiding]. I will do that. I will need to talk quickly. I have got some introductory language. I want to see if we can do it this way.

60/30 PROPOSAL

Does the Railroad Retirement Board endorse the 60/30 proposal? Do you know what that is?

Ms. THOMAS. Mr. Chairman—no, Mr. Dickey, I do not.

Mr. DICKEY. I am not the Chairman. I am just kidding you.

Ms. THOMAS. I mean Congressman.

Mr. DICKEY. What it amounts to is the stakeholders in the railroad retirement system agreed on a proposal to allow for retirement at age 60 after 30 years of service. Do you have a position on that?

Ms. THOMAS. At this point in time, rail management and rail labor are discussing that issue, and they are trying to come to some sort of an agreement relative to some other issues that they have. I, as the Chair, am trying to remain neutral in that respect. If they should decide that——

Mr. DICKEY. Excuse me, I am going to have to interrupt you. I just wondered if we can get that answered later. We can do it.

[The information follows:]

Ms. THOMAS. The agency has not as yet taken a position on the proposed legislation.

RAILROAD EMPLOYMENT

Let me ask this question. Much like the social security system, those paying into the system today finance current railroad retire-

ment. There is an important link between how many people companies hire and the security of the current and future retirement system. Does the Railroad Retirement Board have any guidance to its constituent companies with regard to hiring?

Ms. THOMAS. No.

MAXIMUM HEALTH BENEFIT

Mr. DICKEY. Okay. Currently, the railroad retirees receive an annual $75,000 maximum health benefit. As we all know, health costs are increasing and a few simple procedures can exhaust this total very easily. Does the Board plan to increase this limit based upon current and projected health care costs?

Ms. THOMAS. We don't have anything to do with that at all.

EARNINGS LIMITS

Mr. DICKEY. The Congress just approved an adjustment to the social security earnings limit. Does such a limit exist for the railroad retirement system and, if so, what is it?

Ms. THOMAS. It is the same limit.

Mr. DICKEY. Are there any plans to increase that amount?

Ms. THOMAS. Not at this point in time.

LEGISLATIVE PROPOSAL

Mr. DICKEY. Okay. Currently, elected officials will lose their railroad pension if they accept money for their elected position. One of my constituents is a council member in Pine Bluff, Arkansas, and is affected by this problem. Are there any plans to fix this problem and what can we do as Congress to address this?

Ms. THOMAS. You are proposing legislation, correct——

Mr. DICKEY. That is correct.

Ms. THOMAS [continuing]. In that regard.

Mr. DICKEY. Are you going to be able to endorse it?

Ms. THOMAS. I would need to review the specific proposal before I could say we would or wouldn't support it.

Mr. DICKEY. I apologize for hurrying through all of this.

Ms. THOMAS. Yes.

Mr. DICKEY. Will you hit the gavel for me?

We are adjourned. Thank you very much.

JUSTIFICATION OF BUDGET ESTIMATES

FISCAL YEAR 2001

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RAILROAD RETIREMENT BOARD

SUMMARY OF APPROPRIATION ESTIMATES
FOR FISCAL YEARS 2000 and 2001

Account	Fiscal Year 2000 FTE's	Fiscal Year 2000 Amount	Fiscal Year 2001 FTE's	Fiscal Year 2001 Amount	Page number
Limitation on Administration	1,136	$ 90,655,000 a/	1,112 b/	$ 92,500,000 c/	9
Dual Benefits Payments Account	---	$173,339,000 a/	---	$160,000,000 d/	49
Federal Payments to the Railroad Retirement Accounts	---	$ 150,000	---	$ 150,000 e/	57
Limitation on the Office of Inspector General	58	$ 5,380,000 a/	58	$ 5,700,000 f/	---

a/ Reflects appropriations received under Public Law 106-113, less rescissions of 0.38 percent.

b/ The Administration's budget provides that 1,112 FTE's, including FTE's reimbursable by the Health Care Financing Administration, will be used in fiscal year 2001. After providing for essential non-compensation expenses, the total proposed funding will result in an agency staffing level which is about 24 FTE's less than the RRB currently expects to use in fiscal year 2000. More than 60 RRB employees are projected to accept voluntary separation incentive payments (buyouts) in fiscal year 2000. The buyout program, along with restricted future hiring, should make it possible for the RRB to avoid a major reduction-in-force in fiscal year 2001.

c/ This level of funding will not provide the dollars we requested for continuation of our investment in automation improvements.

d/ The appropriation language provides for $160,000,000 to fund vested dual benefits from general revenues of which $10,000,000 is expected from income taxes on vested dual benefits. The appropriation language provides for an additional 2 percent reserve ($3,200,000) which would become available proportional to the amount by which the product of recipients and the average benefit received exceeds $160,000,000.

e/ This amount reflects our latest estimate for interest related to uncashed railroad retirement checks and will remain available through September 30, 2002.

f/ This limitation is for the Railroad Retirement Board's Office of Inspector General, which submits a separate budget justification document and annual performance plan.

AGENCY OVERVIEW

The Railroad Retirement Board (RRB) is an independent agency in the executive branch of the Federal Government. The RRB's primary function is to administer comprehensive retirement/survivor and unemployment/sickness insurance benefit programs for the nation's railroad workers and their families under the Railroad Retirement and Railroad Unemployment Insurance Acts. In connection with the retirement program, the RRB has administrative responsibilities under the Social Security Act for certain benefit payments and railroad workers' Medicare coverage. It also assists in the administration of the Internal Revenue Code.

The RRB is headed by three Board Members appointed by the President of the United States with the advice and consent of the Senate. By law, one member is appointed upon recommendations made by railroad labor organizations and one upon recommendations of railroad employers. The third member, the Chair, represents the public interest. The Board Members' terms of office are 5 years and expire in different years. The President also appoints an independent statutory Inspector General for the RRB (who functions outside the control of the Board Members, but who reports directly to the Chair for administrative purposes) who is to prevent and detect waste, fraud, and abuse in RRB programs and operations. Additional information on the Board Members is provided on page 7. A current organization chart of the RRB is shown on page 8.

During fiscal year 1999, the RRB paid some $8.2 billion, net of recoveries, in retirement and survivor benefits and $95 million, net of current year recoveries, in unemployment and sickness insurance benefits. During fiscal year 1999, about 748,000 beneficiaries received retirement and survivor benefits, some 13,000 railroad workers received unemployment insurance benefits, and almost 22,000 received sickness insurance benefits. During fiscal year 1999, the RRB also paid benefits on behalf of the Social Security Administration amounting to $1.1 billion to about 138,000 beneficiaries.

Programs Administered by the RRB

Railroad Retirement Act

Under the Railroad Retirement Act, the RRB makes monthly benefit payments to railroad employees with at least 10 years of service who retire because of age or disability, to eligible spouses of such employees, and to survivors of deceased employees. Total and permanent disability annuities are payable to employees unable to work at any job, and occupational disability annuities are payable to career railroad employees unable to work at their regular railroad jobs. Supplemental annuities are payable to career railroad employees with service prior to October 1981. There are also provisions for lump-sum payments.

The RRB also administers certain vested dual benefits financed by annual appropriations from general funds. Of the 694,691 beneficiaries on the rolls as of September 30, 1999, about 107,000 received these benefits.

Railroad Unemployment Insurance Act

Under the Railroad Unemployment Insurance Act, the RRB pays unemployment insurance benefits to railroad workers who are unemployed but ready, willing, and able to work, and sickness insurance benefits to railroad workers who are unable to work because of illness or injury. The RRB also assists unemployed railroad workers in securing employment.

Financing of Railroad Retirement Benefits

The primary source of income for the railroad retirement/survivor benefit program is payroll taxes paid by railroad employers and their employees. By law, railroad retirement taxes are coordinated with social security taxes. Employees and employers pay tier I taxes at the same rate as social security taxes. In addition, both employees and employers pay tier II taxes, which are used to finance railroad retirement benefit payments over and above social security benefit levels.

Other sources of income currently include Federal income taxes on railroad retirement annuities, appropriations from general funds of the Department of the Treasury (Treasury) provided to phase-out vested dual benefits, interest on investments, and the financial interchange with the social security trust funds. The financial interchange places the social security trust funds in the same position they would be in if railroad service were covered by the social security program instead of the railroad retirement program. In effect, through the financial interchange, the portion of railroad retirement annuities that is equivalent to social security benefits is reinsured through the social security system, thereby extending social security protection to railroad workers.

Funds not needed immediately for benefit payments or administrative expenses are invested in interest-bearing securities. The Railroad Retirement Act restricts investments to obligations of, or obligations guaranteed as to principal and interest by, the U.S. Government.

In October 1984, the regular Railroad Retirement Account was divided into two accounts with the establishment of the Social Security Equivalent Benefit (SSEB) Account. The SSEB Account is charged with railroad retirement benefit payments equivalent to social security benefits, and credited with taxes and transfers associated with those benefits. The current Railroad Retirement Account provides funding for benefits in excess of social security levels.

Vested dual benefits are funded by annual appropriations from general funds of the Treasury and paid from a separate account, the Dual Benefits Payments Account. Since October 1, 1988, revenue from income taxes on these benefits has also been credited to the Dual Benefits Payments Account. If the appropriation in a fiscal year does not cover total benefits, individual payments must be reduced by proration.

The RRB also pays supplemental annuity benefits from the Railroad Retirement Supplemental Account to retired railroad employees at age 60 with 30 years of creditable rail service, or at age 65 with 25 to 29 years of creditable service. These benefits are financed by a tax paid by railroad employers based on the number of work hours for which they pay compensation.

Amounts needed to administer these programs are authorized by the Congress in annual appropriation acts. In addition, the Health Care Financing Administration reimburses the RRB for the administrative costs incurred for certain Medicare activities. In fiscal year 2001, it is estimated that the RRB will be reimbursed $3,800,000 for such costs.

Financing of Unemployment and Sickness Insurance Benefits

The railroad unemployment and sickness insurance program is financed by payroll taxes paid by railroad employers. The Railroad Unemployment Insurance and Retirement Improvement Act of 1988 (Public Law 100-647) amended the Railroad Unemployment Insurance Act to provide for an experience-rated employer contribution system responsive to fluctuations in railroad employment and benefit usage. Experience rating was implemented over a 3-year transition period which began in calendar year 1991. Full experience rating began in 1993.

For calendar year 2000, the minimum employer contribution rate is 0.65 percent. New employers in 2000 will pay a tax of 1.67 percent, which represents the average rate paid by all employers in the period 1996-1998. The 2000 rate is applied to the first $1,005 earned monthly by each employee. In accordance with Public Law 100-647, the wage base is indexed each year to approximately two-thirds of the cumulative growth in average national wages since 1984. An employer's overall rate under the system cannot exceed 12 percent, or 12.5 percent if the maximum surcharge described below is in effect. These rates include a component to cover costs shared by all employers and 0.65 percent of the employers' taxable payroll is permanently appropriated to the RRB for administrative expenses. In addition, a surcharge is added to employers' unemployment contributions for any calendar year when the balance in the Railroad Unemployment Insurance Account on the previous June 30 is less than a certain amount. Depending on the account balance, the surcharge rate may be 1.5, 2.5, or 3.5 percent of the wage base.

Description of Appropriation Requests

Limitation on Administration

This is the single administrative account for the RRB which provides funding for the administration of both the railroad retirement/survivor and the unemployment/sickness insurance benefit programs.

Amounts needed for this limitation are to be derived from the Railroad Retirement Account, the Railroad Retirement Supplemental Account, the Social Security Equivalent Benefit Account, and the Railroad Unemployment Insurance Administration Fund.

Dual Benefits Payments Account

Section 15(d) of the Railroad Retirement Act provides for a Dual Benefits Payments Account which is separate from other railroad retirement accounts. The vested dual benefit portion of railroad retirement annuities is paid from this account and is funded by appropriations from general revenues.

Under laws in effect prior to 1975, a worker engaging in covered employment under both the Railroad Retirement Act and Social Security Act could receive benefits separately under both Acts. Because the social security benefit formula is weighted in favor of the low wage earner, the total of a worker's benefits from both systems averaged more than annuities of railroad employees who worked in the rail industry exclusively, and who had paid proportionally higher retirement taxes for the purpose of receiving higher benefits. The cost of the dual benefits was borne by the railroad retirement system since they reduced the system's income from its financial interchange with the social security system.

This situation was the major cause of the poor financial condition of the railroad retirement system in the early 1970's. In order to improve the system's financial condition, the Railroad Retirement Act of 1974 provided that the tier I component of the railroad retirement annuity be reduced by any social security benefit. This essentially integrated the two systems and eliminated the advantage of qualifying for benefits under both systems.

However, it was generally considered unfair to eliminate this advantage entirely for those already retired or close to retirement when the 1974 Act became effective. The 1974 Act, therefore, provided for a restoration of benefits which were considered vested at the end of 1974. The restored amount was known as the "vested dual benefit."

After considering various alternatives, the Congress authorized general fund appropriations to finance the cost of phasing out dual benefits. The Congress considered it unfair to impose this cost on current and future railroad employees because such employees would not be permitted to receive dual benefits upon retirement (except where vested rights were involved). Similarly, the Congress believed that it would be unfair to impose this cost on railroads because railroads had not benefitted and had consistently opposed the creation and expansion of dual benefits. Financing the vested dual benefit component of railroad retirement annuities from general revenues was supported by a precedent regarding military service and by the fact that the dual benefit problem had been brought about by prior Congressional action repealing past dual benefit restrictions over the objections of the railroads.

Under the 1974 Act, appropriations had been authorized from general revenues for the phase-out costs of vested dual benefits. The amounts were to be sufficient to fund (on a level payment basis over the years 1976-2000) the vested dual benefits.

Because there was no provision in the law to reduce vested dual benefits to a level that would be fully covered by the amount appropriated, railroad retirement taxes were being used to cover the shortfall in the appropriation from general revenues. This led to a drain on the Railroad Retirement Account and contributed to a cash flow crisis.

To stop the resulting drain on the Railroad Retirement Account, the 1981 amendments changed vested dual benefits to a pay-as-you-go basis rather than a level-payment system. Starting in fiscal year 1982, vested dual benefits were to be reduced so as not to exceed the amount of the annual appropriation.

The Railroad Retirement Solvency Act of 1983 provided that revenues generated from income taxes on vested dual benefits be credited to the Railroad Retirement Account for fiscal years 1984 through 1988, and thereafter to the Dual Benefits Payments Account. Thus, since fiscal year 1989, these taxes have been credited to the Dual Benefits Payments Account and applied as an offset to the amount of funding needed from general revenues.

Federal Payments to the Railroad Retirement Accounts

This account was established in conjunction with the implementation of the Railroad Retirement Solvency Act of 1983. Section 417 of the act amended the Railroad Retirement Act to provide for the reimbursement of unnegotiated benefit checks to the extent that such reimbursements are provided for, in advance, in appropriation acts. This account is the vehicle through which such appropriations are made.

Beginning in fiscal year 1991, the RRB no longer receives credit to this account for the principal amount of uncashed railroad retirement checks. Under provisions of the Competitive Equality Banking Act of 1987, funds for the principal amount of uncashed checks are appropriated to the Treasury and then transferred directly to the appropriate RRB accounts. As a result, in fiscal year 1991, the RRB began receiving credits to this account for only the interest portion of the uncashed check transfers. This account also acts as a conduit for transferring income taxes on benefits to the other railroad retirement accounts.

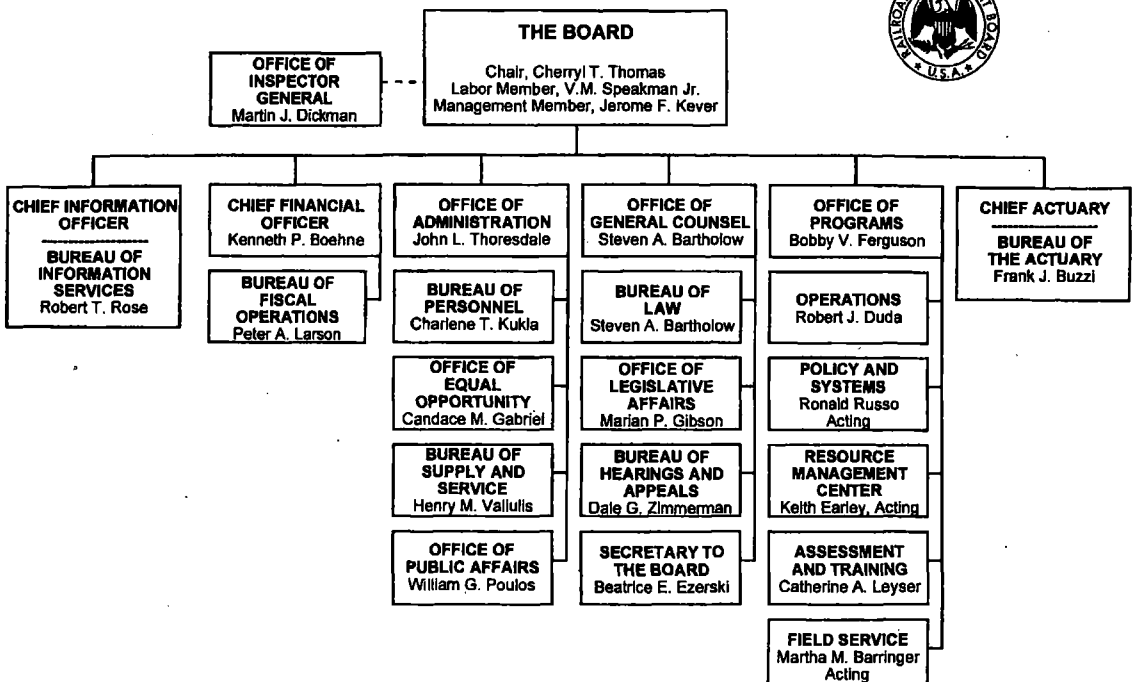
Limitation on the Office of the Inspector General

This appropriation request, which is described in a separate justification document, is for the Office of the Inspector General. The 1988 amendments to the Inspector General Act of 1978 (Public Law 100-504) included the RRB as an "establishment" covered by the Inspector General Act and specified the Chair of the RRB as the head of the establishment for purposes of the act. Previously, the Railroad Retirement Solvency Act of 1983 had amended the Railroad Retirement Act of 1974 to provide for an Office of Inspector General at the RRB.

The Board Members

Incumbent's name/ (Title)	Term expiration date	RRB compensation rate effective January 2000	Professional affiliations
Cherryl T. Thomas (Chair)	08-28-02	$130,200	None
Jerome F. Kever (Management Member)	08-28-98	$122,400	American Institute of Certified Public Accountants
Virgil M. Speakman, Jr. (Labor Member)	08-28-99	$122,400	Brotherhood of Railroad Signalmen Federal Managers' Association American Federation of Government Employees

U.S. RAILROAD RETIREMENT BOARD



JUSTIFICATION OF ESTIMATES
LIMITATION ON ADMINISTRATION

Proposed Appropriation Language

LIMITATION ON ADMINISTRATION

For necessary expenses for the Railroad Retirement Board for administration of the Railroad Retirement Act and the Railroad Unemployment Insurance Act, [$91,000,000] *$92,500,000*, to be derived in such amounts as determined by the Board from the railroad retirement accounts and from moneys credited to the railroad unemployment insurance administration fund. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2000, as enacted by section 1000(a)(4) of the Consolidated Appropriations Act, 2000 (P.L. 106-113).)*

Explanation of Proposed Appropriation Language

Appropriation language	Explanation
For necessary expenses for the Railroad Retirement Board for administration of the Railroad Retirement Act and the Railroad Unemployment Insurance Act, [$91,000,000] *$92,500,000*, to be derived in such amounts as determined by the Board from the railroad retirement accounts and from moneys credited to the railroad unemployment insurance administration fund.	This budget request is for funds to administer the railroad retirement/survivor and unemployment/sickness insurance benefit programs under a single administrative account. The Limitation on Administration Account draws on the following trust fund accounts for funding: Railroad Retirement Account, Social Security Equivalent Benefit Account, Railroad Retirement Supplemental Account, and the Railroad Unemployment Insurance Administration Fund.

Authorizing Legislation

Legislation	2000 Authorized	2000 Appropriation	2001 Authorized	2001 Appropriation request
Authorizing legislation -- Railroad Retirement Act: Section 15(a) and Section 15(c), first two sentences of each section, and Section 15A(c)(1)	Indefinite	$90,655,000 a/	Indefinite	$92,500,000
Authorizing legislation -- Railroad Unemployment Insurance Act: Section 11(a)				

a/ Reflects the appropriation received under Public Law 106-113, less a rescission of 0.38 percent.

Section 15(a) of the Railroad Retirement Act:

> "The Railroad Retirement Account established by section 15(a) of the Railroad Retirement Act of 1937 shall continue to be maintained in the Treasury of the United States. There is hereby appropriated to such Account for each fiscal year, beginning with the fiscal year ending June 30, 1975, to provide for the payment of benefits to be made from such Account in accordance with the provisions of section 7(c)(1) of this Act, and to provide for expenses necessary for the Board in the administration of all provisions of this Act, an amount equal to amounts covered into the Treasury (minus refunds) during each fiscal year under the Railroad Retirement Tax Act, except those portions of the amounts covered into the Treasury under sections 3211(b), 3221(c), and 3221(d) of such Tax Act as are necessary to provide sufficient funds to meet the obligation to pay supplemental annuities at the level provided under section 3(e) of this Act and, with respect to those entitled to supplemental annuities under section 205(a) of title II of this Act, at the level provided under section 205(a)."

Section 15(c) of the Railroad Retirement Act:

> "The Railroad Retirement Supplemental Account established by section 15(b) of the Railroad Retirement Act of 1937 shall continue to be maintained in the Treasury of the United States. There is hereby appropriated to such account for each fiscal year, beginning with the fiscal year ending June 30, 1975, out of any moneys in the Treasury not otherwise appropriated, to provide for the payment of supplemental annuities under section 2(b) of this Act, and to provide for the expenses necessary for the Board in the administration of the payment of such supplemental annuities, an amount equal to such portions of the amounts covered into the Treasury (minus refunds) during each fiscal year under section 3211(b), 3221(c), and 3221(d) of the Railroad Retirement Tax Act as are not appropriated to the Railroad Retirement Account pursuant to the provisions of subsection (a) of this section."

Section 15 A(c)(1) of the Railroad Retirement Act:

> "Except as otherwise provided in this section, amounts in the Social Security Equivalent Benefit Account shall be available only for purposes of paying social security equivalent benefits under this Act and to provide for the administrative expenses of the Board allocable to social security equivalent benefits."

Section 11(a) of the Railroad Unemployment Insurance Act:

> "The Secretary of the Treasury shall maintain in the unemployment trust fund established pursuant to section 904 of the Social Security Act an account to be known as the railroad unemployment insurance administration fund. This unemployment insurance administration fund shall consist of (i) such part of all contributions collected pursuant to section 8 of this Act as equals 0.65 per centum of the total compensation on which such contributions are based; (ii) all amounts advanced to the fund by the Secretary of the Treasury pursuant to this section; (iii) all amounts appropriated by subsection (b) of this section; and (iv) such additional amounts as Congress may appropriate for expenses necessary or incidental to administering this Act. Such additional amounts are hereby authorized to be appropriated."

ADMINISTRATIVE EXPENSES a/

Budget Authority By Object Classification

Limitation on Administration Direct obligations by object class	Fiscal year 1999 actual amounts($) b/c/	Fiscal year 2000 estimated amounts($) c/d/	Fiscal year 2001 estimated amounts($) c/	Increase or decrease($)
Personnel compensation:				
Full-time permanent	56,592,000	57,820,000	60,024,000	2,204,000
Positions other than permanent	1,323,000	1,320,000	1,320,000	0
Other personnel compensation	1,217,000	883,000	821,000	(62,000)
Total personnel compensation	59,132,000	60,023,000	62,165,000 e/	2,142,000
Personnel benefits: civilian	11,691,000	12,343,000	13,043,000	700,000
Benefits for former personnel	267,000	1,940,000 f/	300,000	(1,640,000)
Travel and transportation of persons	860,000	500,000	650,000	150,000
Transportation of things	174,000	138,000	128,000	(10,000)
Rental payments to GSA g/	2,805,000	2,890,000	3,193,000	303,000
Communications, utilities, and miscellaneous charges	3,593,000	3,558,000	3,436,000	(122,000)
Printing and reproduction	272,000	272,000	300,000	28,000
Consulting services	463,000	490,000	513,000	23,000
Other services	7,992,000	6,875,000	7,360,000 h/	485,000
Supplies and materials	841,000	741,000	800,000	59,000
Equipment	1,687,000	885,000	612,000	(273,000)
Total, direct obligations	89,777,000	90,655,000	92,500,000	1,845,000
Unobligated balance	158,400	---	---	---
Total budget authority	89,935,400	90,655,000	92,500,000 i/	1,845,000

a/ In addition to the amounts shown, the Office of Inspector General is requesting, in a separate justification document, $5.7 million for administrative expenses in fiscal year 2001.

b/ Amounts reflect the $90 million appropriation to the Limitation on Administration received under Public Law 105-277 in fiscal year 1999, less a rescission of $64,600 required by P.L. 106-51. In addition, the RRB received $398,000 (available until September 30, 2001) in emergency fiscal year 1999 funds to support the Year 2000 (Y2K) conversion of the RRB's information technology systems. The unobligated balance is available for expenses that were incurred in fiscal year 1999 but processed after the end of the year. As of January 24, 2000, the unobligated balance was $110,128.

c/ The Limitation on Administration excludes $4.5 million in fiscal year 1999 that the RRB expects to be reimbursed from the Health Care Financing Administration (to conduct Medicare activities) and others. Amounts for fiscal years 2000 and 2001 exclude $4.3 million that the RRB expects to be reimbursed from the Health Care Financing Administration and others in each of these years.

d/ Amount reflects appropriations received under Public Law 106-113 ($91,000,000, less a rescission of $345,000) for fiscal year 2000.

e/ This amount includes a locality-based comparability and cost-of-living increase of 3.7% effective January 2001, in accordance with OMB guidance, and will enable us to fund 1,112 FTE's in fiscal year 2001.

f/ The fiscal year 2000 total includes estimated voluntary separation incentive payments of $1,640,000 for more than 60 employees, and $300,000 for normal unemployment insurance and workmen's compensation costs.

g/ Reflects the payment of actual costs to the General Services Administration (GSA) for the rental of space. The fiscal year 2001 amount assumes that the RRB, as a trust fund agency, will continue to pay actual costs to GSA for the rental of space.

h/ This amount includes an estimated $2,000 for education and training of the acquisition workforce (OMB Circular A-11, Section 112.3).

i/ The Railroad Retirement Board expects to spend $12,000 on energy conservation measures in fiscal year 2001 (OMB Circular A-11, Section 112.3).

Note: Amounts are rounded to the nearest thousand.

ADMINISTRATIVE EXPENSES

Budget Authority by Strategic Goal

Limitation on Administration	Fiscal year 1999 actual				Fiscal year 2000 estimate				Fiscal year 2001 estimate			
Program by strategic goal	FTE's	%	Amounts($)	%	FTE's	%	Amounts($)	%	FTE's	%	Amounts($)	%
Strategic goal:												
1. Customer service	689	58%	47,574,000	53%	640	57%	47,431,000	52%	630	57%	49,767,000	54%
2. Stewardship	197	16%	14,549,000	16%	217	19%	16,028,000	18%	203	18%	16,263,000	18%
3. Alignment of resources	40	3%	3,692,000	4%	39	3%	3,165,000	3%	41	4%	3,793,000	4%
4. Technology and automation	270	23%	23,962,000	27%	240	21%	24,031,000	27%	238	21%	22,677,000	24%
Total, direct program obligations			89,777,000				90,655,000				92,500,000	
Unobligated balance			158,400				---				---	
Total budget authority	1,196		89,935,400		1,136		90,655,000		1,112		92,500,000	

Staffing History

Actual Full-time Equivalent Employment

Fiscal year	Total FTE's a/	Change from previous year	Percent change from previous year	Cumulative FTE Reductions	Cumulative percent change since fiscal year 1993
1993	1,698 b/	---	---	---	---
1994	1,615 b/	(83)	-4.9%	83	-4.9%
1995	1,483 b/	(132)	-8.2%	215	-12.7%
1996	1,401 b/	(82)	-5.5%	297	-17.5%
1997	1,297	(104)	-7.4%	401	-23.6%
1998	1,227	(70)	-5.4%	471	-27.7%
1999	1,196	(31)	-2.5%	502	-29.6%
2000	1,136 c/d/	(60)	-5.0%	562	-33.1%
2001	1,112 c/	(24)	-2.1%	586	-34.5%

a/ Excludes staffing for the Office of Inspector General.

b/ Includes Special Management Improvement Fund FTE's for fiscal years 1993-1996 of 80, 58, 30, and 10, respectively.

c/ Reflects estimated FTE's to be used. In fiscal year 2001, the RRB estimates that an administrative budget of $92.5 million will allow us to fund 1,112 FTE's.

d/ More than 60 RRB employees are projected to accept voluntary separation incentive payments (buyouts) in fiscal year 2000.

Funding for Major Contracts

All contracts $10,000 and over that are planned for fiscal year 2001 are shown below.

Title and description	2001 estimated program funding ($) Limitation on Administration
Data processing	
Data entry Contracted data entry services.	15,000
Computer recovery service Fee for backup data processing operations in the event of an emergency or disaster.	36,500
Automated interface with Treasury Charges for using the automated interface with Treasury to transmit and receive financial and accounting information.	14,000 a/
Support of benefit program activities	
Payments to Treasury Fees in issuing checks and making electronic funds transfers on the RRB's behalf, as well as postage costs incurred for RRB mailings released by Treasury.	947,000 a/
Consultative medical services Medical evidence reviews concerning benefit and claim matters and preparation of advisory medical opinions.	424,250 b/
Medical fees Payments for medical services and hospital transcripts used to make disability determinations.	2,297,883

Funding for Major Contracts (continued)

Title and description	2001 estimated program funding ($) Limitation on Administration
Transcription services Transcripts of hearings regarding appeal cases for use by the Board Members.	25,000
Program support services Costs for field office alterations, miscellaneous and administrative support services, and health unit maintenance agreements.	74,300 a/
Photocopiers Fee required to continue the agency's photocopier contract.	300,000
Financial management	
Financial/payroll/accounts receivable improvements Charges for making enhancements to existing automated financial systems.	15,000 b/
Investment consulting services Expert advice to be provided the agency concerning the investment of trust fund assets.	30,000 b/
Financial information service Provides information used in making investment decisions.	21,660
Personnel development, evaluation, and assistance	
Employee assistance program Professional assistance for employees with personal problems that adversely affect work performance.	32,000 b/
Use of training programs Fee for use of audiovisual and computer-based training materials.	15,000

Funding for Major Contracts (continued)

Title and description	2001 estimated program funding ($) Limitation on Administration
Building services	
Janitorial services Fees to be paid for janitorial services.	440,000
Claim files service Fees to be paid to the Federal Records Center to maintain the RRB claim files.	400,000 a/
Building security Guard service.	276,000
Building maintenance and repairs Costs for interior and exterior painting, carpet and drapery replacement, energy conservation initiatives, facility maintenance, elevator maintenance, and repairs to the building.	712,800
Agency program total	6,076,393

a/ Contractual services provided by Federal government agencies comprise $1,435,300 of the agency program total of $6,076,393.

b/ The amounts requested are for advisory and assistance services.

BUDGET AUTHORITY BY FUND

Railroad Retirement Program	Fiscal Year 1999 Actual Amounts	Fiscal Year 2000 Estimated Amounts	Fiscal Year 2001 Estimated Amounts	Increase or Decrease Amounts
Direct Program:				
Railroad Retirement Account	$49,794,000	$49,950,000	$51,100,000	$1,150,000
Social Security Equivalent Benefit Account	24,100,000	24,200,000	24,600,000	400,000
Railroad Retirement Supplemental Account	2,000,000	2,000,000	2,000,000	0
Total, direct railroad retirement program obligations	$75,894,000	$76,150,000	$77,700,000	$1,550,000
Railroad Unemployment and Sickness Insurance Program				
Direct program:				
Railroad Unemployment Insurance Administration Fund	13,883,000	14,505,000	14,800,000	295,000
Total, direct retirement, unemployment and sickness insurance obligations	$89,777,000	$90,655,000	$92,500,000	$1,845,000
Unobligated balance	158,400	—	—	—
Total, direct retirement and unemployment and sickness insurance budget authority	$89,935,400 a/	$90,655,000 b/	$92,500,000	$1,845,000

a/ Reflects the appropriation of $90,000,000 to the Limitation on Administration received under P.L. 105-277, less a rescission of $64,600 required by P.L. 106-51. In addition, the RRB received $398,000 (available until September 30, 2001) to support the Year 2000 conversion of the Railroad Retirement Board's information technology systems.

b/ Reflects an appropriation of $91,000,000, less a rescission of $345,000 required by P.L. 106-113.

LIMITATION ON ADMINISTRATION

Financing

	Fiscal year 1999 actual	Fiscal year 2000 estimate	Fiscal year 2001 estimate
Financing			
Total, direct program obligations	$89,777,000	$90,655,000	$92,500,000
Unobligated balance	158,400	---	---
Limitation	$89,935,400	$90,655,000	$92,500,000
Relation of direct program obligations to outlays			
Obligations incurred, net	$89,777,000	$90,655,000	$92,500,000
Obligated balance, start of year	0	8,985,000	11,985,000
Obligated balance, end of year	-8,985,000	-11,985,000	-8,985,000
Outlays from limitation	$80,792,000	$87,655,000	$95,500,000

Note: Funds to administer the Railroad Retirement Act and the Railroad Unemployment Insurance Act are combined into a single administrative account. Funds to administer the Railroad Retirement Act are transferred from the Railroad Retirement Account, the Social Security Equivalent Benefit Account, and the Railroad Retirement Supplemental Account to the Limitation on Administration. Funds required to administer the Railroad Unemployment Insurance Act are transferred from the Railroad Unemployment Insurance Administration Fund to the Limitation on Administration.

The financial operations of the Limitation on Administration can also be expressed in a sources and uses of funds table as shown below.

Sources and Uses of Funds

	Fiscal year 1999 actual	Fiscal year 2000 estimate	Fiscal year 2001 estimate
Direct program sources			
Available from benefit trust funds by Congressional appropriation	$89,935,400	$90,655,000	$92,500,000
Direct program uses			
Administrative expenses	$89,777,000	$90,655,000	$92,500,000
Unobligated balance	158,400	—	---
Total uses:	$89,935,400	$90,655,000	$92,500,000

Limitation on Administration

Amounts Available for Obligation

	Fiscal year 1999 actual	Fiscal year 2000 estimate	Fiscal year 2001 estimate
Appropriation	$90,000,000	$91,000,000	$92,500,000
Less:			
Amount rescinded in accordance with Public Law 106-51.	(64,600)		
Amount rescinded in accordance with Public Law 106-113.		(345,000)	
Subtotal, adjusted appropriation	$89,935,400	$90,655,000	
Less:			
Unobligated balance	158,400	0	0
Total direct obligations a/	$89,777,000	$90,655,000	$92,500,000

a/ In addition, the RRB expects to be reimbursed about $4.055 million for fiscal year 1999, $3.8 million for fiscal year 2000, and $3.8 million for fiscal year 2001 by the Health Care Financing Administration (HCFA) to conduct Medicare activities. The final reimbursement amount for fiscal year 1999 was still pending agreement with HCFA as of the date of this document. The RRB also expects to receive approximately $456,000 in other reimbursements in fiscal year 1999, and an additional $487,000 in other reimbursements in fiscal years 2000 and 2001. For fiscal year 1999, Public Law 105-277 provided an additional $398,000 (available until September 30, 2001) to support the Year 2000 conversion of the Railroad Retirement Board's information technology systems.

SUMMARY OF CHANGES 1/

FY 2000 appropriation	$90,655,000
FY 2001 estimate	$92,500,000
Net change	$ 1,845,000

	2000 Current (Base)		2001 Change from Base	
	FTE's	Budget authority	FTE's	Budget authority
Increases:				
A. Built-in:				
1. Net change related to full-time and part-time salaries: loss of FTE's, -$1,400,000; annualization of January 2000 pay raise, +$780,000; January 2001 pay raise, +$1,751,000; grade/step increases, +$1,073,000; and other personnel compensation (awards and overtime), -$62,000.	1,136	$60,023,000	-24	$2,142,000
2. Net change related to personnel benefits: loss of FTE's, -$297,000; annualization of January 2000 pay raise, +$166,000; January 2001 pay raise, +$371,000; grade/step increases, +$245,000; other changes in benefit costs, +$215,000.	—	$12,343,000	—	700,000
Subtotal, built-in compensation increases				$2,842,000
B. Program:				
1. Travel and transportation of persons	—	$ 500,000	—	$ 150,000
2. Rental payments to GSA	—	2,890,000	—	303,000
3. Printing and reproduction	—	272,000	—	28,000
4. Consulting services	—	490,000	—	23,000
5. Other services - includes contracts, maintenance, and training costs	—	6,875,000	—	485,000
6. Supplies	—	741,000	—	59,000
Subtotal, program increases				$1,048,000
Total increases				$3,890,000
Decreases:				
C. Program:				
1. Voluntary separation incentive payments for employees	—	$ 1,640,000	—	$(1,640,000)
2. Transportation of things	—	138,000	—	(10,000)
3. Communications, utilities and miscellaneous charges	—	3,558,000	—	(122,000)
4. Equipment	—	885,000	—	(273,000)
Total decreases				$(2,045,000)
Net change			-24	$ 1,845,000

1/ Corresponds to page 12 - Administrative Expenses

APPROPRIATIONS HISTORY TABLE

Year	Budget estimate to the Congress	House allowance	Senate allowance	Appropriation/ continuing resolution
1992	$91,300,000	$91,300,000	$89,644,000 a/	$89,550,000
1993	$94,600,000	$92,516,000 b/	$91,824,000 c/	$91,729,000 d/
1994	$90,801,000	$90,801,000	$90,801,000	$90,801,000
1995	$92,460,000	$90,912,000	$90,912,000	$90,816,000 e/
1996	$92,700,000	$90,816,000	$89,094,000	$89,692,000 f/
1997	$90,558,000	$87,898,000	$87,898,000	$87,728,000 g/
1998	$88,800,000	$85,728,000	$87,728,000	$87,228,000 h/
1999	$86,000,000	$86,000,000	$90,000,000	$89,935,400 i/
2000	$86,500,000	$90,000,000	$91,000,000	$90,655,000 j/
2001	$92,500,000			

a/ Represents the Senate allowance of $90,550,000 less a 1 percent reduction ($906,000) called for in the Senate bill.

b/ Represents the House allowance of $92,565,000 less a 4 percent reduction ($49,000) in travel expenses called for in the House bill.

c/ Represents the Senate allowance of $92,565,000 less a 0.8 percent across-the-bill reduction of $741,000.

d/ Represents a final allowance of $91,824,000 less an 8 percent reduction ($95,000) in the amount budgeted for consulting services.

e/ Amount reflects appropriations received under Public Law (P.L.) 103-333 of $90,912,000 less the rescission totaling $96,000 under P.L. 104-19.

f/ Amount reflects funding made available under P.L. 104-134, after a rescission and cancellation of budget authority totaling $263,000.

g/ Amount reflects funding made available under P.L. 104-208, less a rescission and cancellation of budget authority totaling $170,000.

h/ Amount reflects funding made available under P.L. 105-78.

i/ Amount reflects the appropriation of $90,000,000 made available under P.L. 105-277, less a rescission of $64,600 required by P.L. 106-51.

j/ Amount reflects funding made available under P.L. 106-113, after a rescission of $345,000.

Strategic Goals

The RRB's budget request for ongoing operations is distributed among four strategic goals stated in the agency's strategic plan:

I. To provide excellent customer service.

II. To safeguard our customers' trust funds through prudent stewardship.

III. To align resources to effectively and efficiently meet our mission. and

IV. To expand our use of technology and automation to achieve our mission.

These goals are discussed in detail in the RRB's Annual Performance Plan for Fiscal Year 2001. beginning on page 27. Dollar amounts are shown for each strategic goal representing the resources needed to achieve the performance goals. As a lead-in to the plan. the tables on the next page provide the summary workloads for the retirement/survivor and unemployment/sickness insurance programs.

Retirement/Survivor Benefit Program
Summary Processing Workload Table

Fiscal years	Average number of annuitants	New applications	Reactivated applications	Number of payments	Supplemental annuities awarded	Social security awards	Medicare enrollments
1990	894.196	61.622	52.486	11.288.980	11.390	9.061	7.706
1991	880.426	57.687	52.586	11.085.204	11.086	8.075	8.977
1992	862.904	55.889	58.089	10.698.014	11.197	7.956	8.337
1993	843.204	50.854	65.220	10.627.914	8.752	7.353	7.815
1994	819.931	48.241	62.584	10.339.329	8.026	6.951	6.158
1995	799.158	44.838	56.535	10.038.332	7.681	6.221	5.815
1996	775.387	41.756	52.731	9.890.682	7.256	5.440	5.757
1997	751.558	41.126	50.458	9.447.929	6.942	5.980	5.309
1998	727.603	38.970	47.544	9.166.205	7.077	5.995	6.242
1999	704.159	38.413	47.265	8.886.055	6.719	6.108	5.890 (est)
2000 (est)	684.100	39.000	48.000	8.600.000	7.000	6.000	6.000
2001 (est)	662.800	38.000	47.000	8.400.000	7.000	6.000	6.000

Railroad Unemployment/Sickness Insurance Program
Summary Processing Workload Table

		Unemployment insurance			Sickness insurance		
Fiscal years	Railroad employment 1/	Applications	Claims	Payments	Applications	Claims	Payments
1990	296.000	42.135	300.351	234.136	41.141	269.926	204.305
1991	285.000	41.169	313.004	248.799	35.588	249.000	190.564
1992	276.000	29.388	270.198	231.816	32.482	226.357	181.720
1993	271.000	25.420	206.509	175.812	31.622	201.977	165.908
1994	266.000	23.989	190.950	159.879	30.355	205.528	170.918
1995	265.000	21.995	147.378	120.870	28.955	193.483	160.906
1996	257.000	21.143	162.434	135.863	27.291	192.630	162.130
1997	253.000	17.121	120.136	99.042	27.670	180.962	155.358
1998	256.000	13.253	82.103	67.759	26.317	170.336	146.659
1999	255.000 (est)	16.261	99.870	81.990	26.267	170.305	145.853
2000 (est)	249.000	16.000	104.000	85.000	28.000	176.000	151.000
2001 (est)	244.000	16.000	106.000	87.000	28.000	179.000	153.000

1/ Average annual railroad employment is based on mid-month counts and presented on a calendar year basis.

ANNUAL PERFORMANCE PLAN FOR FISCAL YEAR 2001

INCLUDING THE ANNUAL PROGRAM PERFORMANCE REPORT FOR FISCAL YEAR 1999

U. S. Railroad Retirement Board

We prepared this final Annual Performance Plan for Fiscal Year (FY) 2001 at the President's $92.5 million budget level. The President's budget level is significantly less than the original amount we requested in our September 10, 1999, FY 2001 Budget Submission, which was $98.855 million. After adjusting to over 60 buyouts and prioritizing our most critical automation expenditures, we believe that $95 million is the minimum amount needed to maintain high customer service levels and position the agency for continued budget constraints in future years. Thus, we have also included the projected results of a budget of $95 million in the Annual Performance Plan.

During FY 2000, we conducted a buyout of over 60 employees and do not have the funds necessary to provide for our IT initiatives as planned. These important investments would have strengthened our technology infrastructure, helped us to develop new systems, and allowed us to better fulfill various requirements pursuant to Federal mandates. The large number of employees leaving the agency combined with our inability to fund the IT initiatives needed to start and/or continue certain mission-critical automation initiatives will affect our performance in FY 2000 and probably in the years to come. This is taken into account in our projections for performance in FY 2000 and FY 2001.

For FY 2001, we had planned to be able to resume much of the information technology (IT) investments outlined in our IT Capital Plan. With the reduced funding level of $92.5 million, we will undertake far fewer IT projects than planned. We will again be forced to defer mission-related projects such as future phases of a system to allow survivor applications to be taken on-line, in a paperless, folderless environment, and "one and done" customer service.

At the Administration's budget level of $92.5 million, we will not be able to fully support or expand our IT investments. In fact, at the Administration's budget level, we will need to reduce FTE funding by approximately $517,000 and eliminate $1.983 million in automation initiatives. A summary of what the requested additional $2.5 million will provide to the agency is set forth on page 47, with additional detail on our automation initiatives presented on pages 67-70.

Over the years, we have used our automation investments wisely, which has allowed us to improve operations with significantly less staff. We fully recognize that, over time, we can and must perform our operations with even fewer staff. However, if we cut our staff too sharply and fail to have the proper automation support in place, our customer service, including benefit payment accuracy and timeliness, will suffer.

We are also submitting this document pursuant to the requirements of the Government Performance and Results Act (31 U.S.C. 1116(a)), which requires a report on program performance for the previous year. The annual program performance report on pages 40-46 is based on the major goals and objectives from the RRB's *Strategic Plan for 1997 - 2002* and its *Annual Performance Plan for Fiscal Year 1999.* The indicators we developed support our mission and communicate our awareness of and intentions for meeting our challenges and exploiting opportunities. We use the plan to hold managers accountable for achieving program results and to improve program effectiveness and public accountability by promoting a renewed focus on results, service quality, and customer satisfaction. We also use the plan to help managers improve service delivery by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality. To provide reasonable assurance that the reported performance information is relevant and reliable, performance goals have been incorporated into performance standards for managers and supervisors, monitored on an agency-wide basis, and made subject to audit by the agency's Office of Inspector General, as part of our financial statements for FY 1999.

Over the last several years, the RRB has restructured its operations and has implemented significant automation initiatives and other improvements. Because of these accomplishments, the RRB is able to operate with reduced resources and is continuing to streamline its operations with the assistance of information technology. We believe that continued investments in information technology will allow us to meet or exceed our customer service goals efficiently.

The results from our first full year of using the Government Performance and Results Act planning and reporting format are encouraging. We met or exceeded planned performance levels for 44 out of 54 reportable indicators. Of the remaining 10, we came very close to the planned levels for many of them. For example, we planned to achieve 99.70% payment accuracy for initial railroad retirement payments, and achieved a payment accuracy rate of 99.68%. This was slightly better than FY 1998, when we achieved a payment accuracy rate of 99.64%. When compared to actual FY 1998 results, our FY 1999 performance was equal to, or better, in nearly every category.

The table on pages 40-46 is a consolidated presentation of our actual performance in FY's 1998 and 1999 and estimated performance for FY's 2000 and 2001. On pages 48 and 49 is a discussion of unmet FY 1999 performance goals and indicators.

The drafting of this performance report was performed by RRB employees.

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Introduction

The RRB has a long and distinguished tradition of excellence in serving our customers.

The Railroad Retirement Board (RRB) has developed this performance plan for fiscal year 2001 to support our mission (See Figure 1) and to communicate our intentions for meeting challenges and exploiting opportunities as we advance into the next decade. We will use the plan to hold managers accountable for achieving program results and to improve program effectiveness and public accountability by promoting a renewed focus on results, service quality, and customer satisfaction. We will also use the plan to help managers improve service delivery by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality.

This plan is closely linked to our **Strategic Plan for 1997 - 2002** (See Figure 2) and can be easily cross-referenced to that plan. It provides detailed performance goals, performance indicators and target levels (shown on pages 40 through 46) to guide agency managers as they implement our Strategic Plan. It also communicates our plans to our stakeholders, including the railroad community, the Administration, the Congress, and other government agencies. It is one part of a comprehensive set of interlocking plans that cover all major aspects of agency operations. In this plan, we have established specific performance goals (with performance indicators and projected performance levels) to be achieved in fiscal year 2001. Additionally, it supports our other functional plans required to manage the agency. These functional plans include the **Customer Service Plan**, the **Strategic Information Resources Management (IRM) Plan**, and the **Information Technology (IT) Capital Plan**. These plans reflect input and feedback from our stakeholders, and they result in the annual submission of the agency budget to OMB and the Congress each September.

The RRB's strategic and performance goals are outlined on pages 34-39. Information on anticipated performance for each of the RRB's strategic and performance goals at the proposed budget level of $92.5 million for fiscal year 2001 is provided on pages 40-46. Further information on the improvements to the Railroad Retirement Board's operations at the proposed $95 million budget level is presented on pages 47 and 67-70.

By March 31, 2002, we will prepare and submit to the President and the Congress a report on program performance for fiscal year 2001. Our program performance report information will be derived from agency systems and the report will set forth the performance goals and indicators, compared to actual program performance for that fiscal year. We also plan to include our annual performance reports in our annual financial statements, which are audited by the RRB's Office of Inspector General (OIG). Those audits will help ensure the reliability and utility of our performance reports.

This annual performance plan meets the requirements of the Government Performance and Results Act (GPRA). The drafting of this performance plan was performed only by RRB employees.

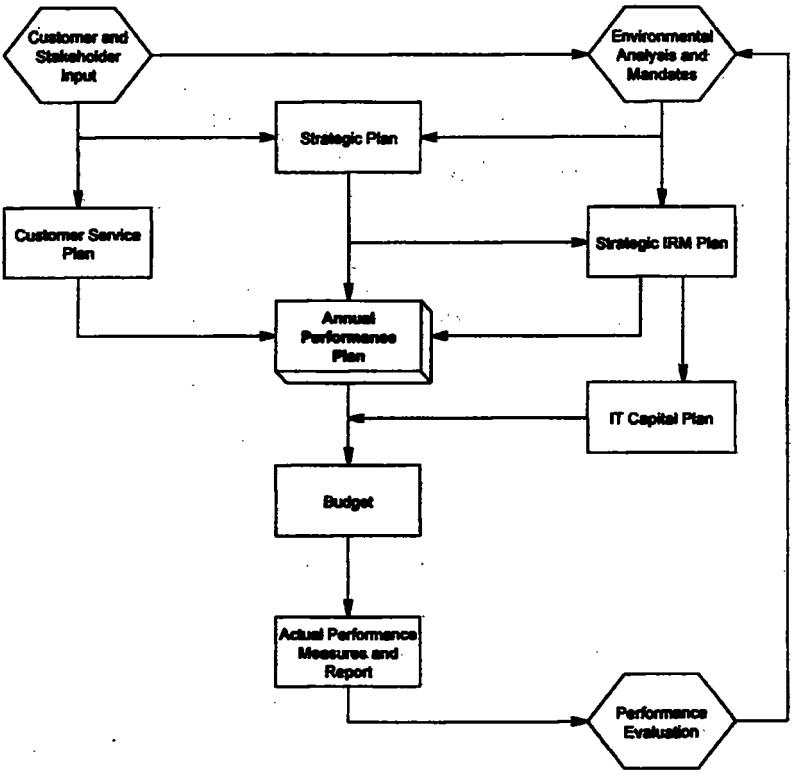
Figure 1

RAILROAD RETIREMENT BOARD MISSION STATEMENT

The RRB's mission is to administer retirement/survivor and unemployment/ sickness insurance benefit programs for railroad workers and their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act. These programs provide income protection during old age and in the event of disability, death or temporary unemployment or sickness. The RRB also administers aspects of the Medicare program and has administrative responsibilities under the Social Security Act and the Internal Revenue Code.

In carrying out its mission, the RRB will pay benefits to the right people, in the right amounts, in a timely manner, and safeguard our customers' trust funds. The RRB will treat every person who comes into contact with the agency with courtesy and concern, and respond to all inquiries promptly, accurately and clearly.

Figure 2
RRB Planning Process



Strategic Goal I: We Will Provide Excellent Customer Service. We aim to satisfy our customers' expectations for quality service in terms of service delivery options as well as levels and manner of performance. We have established five performance goals that focus on the specifics of achieving this strategic goal.

Performance Goal I-A: We will optimize accuracy in providing benefits. The RRB is committed to ensuring that we pay the right benefits to the right people. We have a number of measures in place to track the accuracy of the actions we take in a year, both in the Railroad Retirement Act (RRA) and in the Railroad Unemployment Insurance Act (RUIA) programs. The principal indicators of performance are the benefit payment accuracy rates in each program. Our performance goal is to ensure that we continue to significantly exceed 99 percent accuracy in the payments we initiate or adjust in a given year. To accomplish this, we will:

- ✔ *Monitor payment accuracy and identify problems.*
- ✔ *Provide feedback and take additional preventive actions as appropriate.*

Performance Goal I-B: We will make payments timely. Timeliness of payments is an essential ingredient in providing quality service. Those who are sick, disabled, or unemployed did not plan for a decrease in their income, and they need their benefit checks right away. Those who retire voluntarily also need the income quickly, and they need the assurance of knowing their final annuity rates so that they can adequately plan for the future. The agency needs to provide benefits at the point our customers expect them. We measure the success of our efforts in this area by looking at our performance vis-à-vis our Customer Service Plan (CSP). We updated our CSP in fiscal year 1998 to reflect our increased customer focus. Disability application processing goals are ambitious and depend on timely and accurate actions of medical consultants and automation support. Our performance goal is to achieve the levels of service outlined in the CSP, and to accomplish this, we plan to:

- ✔ *Ensure that the CSP is comprehensive and is revised when appropriate.*
- ✔ *Identify performance gaps and implement changes in the processes where needed.*
- ✔ *Monitor key payment workloads.*

Performance Goal I-C: We will provide relevant, timely and accurate information which is easy to understand. In addition to making payments, we provide a variety of information to our customers. This ranges from publications and annual statements of wages and compensation, annuity estimates, notices of annuity and benefit awards and changes, and annual income tax statements, to answers to an individual's questions on his or her benefits. It is important that we provide this information in ways that are accessible and responsive to the individual's needs. The level of our performance in this area is measured by how well we succeed in achieving the levels of service designated in our Customer Service Plan and by maintaining acceptable workload balances. To accomplish this, we will:

- ✔ *Seek feedback from our customers to determine their expectations and whether those expectations are being met.*
- ✔ *Adjust our Customer Service Plan or our processes, based on customer feedback.*
- ✔ *Monitor key informational workloads.*

Performance Goal I-D: We will provide a range of choices in service delivery methods. In these days of rising expectations, to fulfill customers' needs we not only need to provide high quality, accurate products on a timely basis, but we need to provide them in ways that are accessible and convenient to all our customers, including the elderly and those with impairments. As we say in our vision statement, we strive to deliver service when, where, and how our customers want it. Some of our customers expressed concern with previous office closings and staff reductions. It is clear that our customers want us to continue to provide personal service. We need to balance this desire with the resources that are available to us, taking advantage of technological developments that will enable us to both please our customers and live within our budget. Our level of performance will be measured by how well we succeed in providing the level of service our customers expect, and by the number of choices we can provide in each program at a reasonable cost. Customer feedback will be obtained at least every other year through surveys or other feedback mechanisms. To achieve this objective, we plan to:

- ✔ *Seek customers' service delivery preferences.*
- ✔ *Identify "best-in-class" service options.*
- ✔ *Offer service options considering customer preferences and available resources.*

Performance Goal I-E: We will ensure an efficient and effective reporting system for railroad employers. To correctly pay benefits, the RRB must receive timely and accurate reports of wages and service months of railroad employees. It is the responsibility of the employer to provide these reports with respect to its employees. To ensure the receipt of accurate and timely reports, the RRB must strive for a system of reporting which is easily understood and which places minimal burden on employers. To accomplish this, the RRB intends to:

- ✔ *Maintain the use of electronic data interchange whereby the employer can report over secure telecommunications lines and receive immediate feedback on receipt and acceptability of their reports.*
- ✔ *Reduce or consolidate the number of reporting forms and items, if possible.*
- ✔ *In partnership with the Department of the Treasury, explore the possibility of simplifying the tax and reporting system for railroad employers whereby employers will file a single report for income tax, employment tax and RRA purposes.*

Strategic Goal II: We Will Safeguard Our Customers' Trust Funds Through Prudent Stewardship. The RRB is committed to fulfilling its fiduciary responsibilities to the rail community. We have established three objectives that direct our focus on this goal.

Performance Goal II-A: We will ensure the integrity of benefit programs through comprehensive and integrated monitoring and prevention programs. As part of our fiduciary responsibilities to the rail community, we must ensure that the correct amount of benefits is being paid to the right people. This is accomplished through matching our benefit payments against wage reports and administering other benefit monitoring programs to identify and prevent erroneous payments. We measure the effectiveness of these matching programs by comparing the dollars collected or saved through these initiatives to their cost. To accomplish this goal we will perform program integrity reviews.

Performance Goal II-B: We will ensure efficient operations through effective management control and quality assurance programs. Efficient management requires the ability to detect and correct material weaknesses in operations. It also requires implementation of cost-effective audit and quality assurance recommendations. One measure of our success in this goal is the number of material weaknesses reported to the President in our annual Federal Managers' Financial Integrity Act Agency Report. In addition, we can monitor our performance through a combination of audits and internal reviews. To accomplish this goal we will:

- ✔ *Continue our overall commitment to our management control program.*
- ✔ *Maintain a quality assurance program.*

Performance Goal II-C: We will ensure that trust fund assets are projected, collected, recorded, and invested appropriately through an effective and efficient trust fund management program. The RRB is committed to prudent management of its trust funds. Our success in this goal is reflected through our actuarial valuations, our financial projections, the annual financial statements, audits of the annual financial statements, and railroad compensation reconciliations. To accomplish this we will:

- ✔ *Continue to carry out the RRB's investment policy.*
- ✔ *Continue to carry out the RRB's debt collection policy.*
- ✔ *Continue to perform the RRB's actuarial valuations and financial projections.*
- ✔ *Continue to estimate the RRB's funding requirements for the Railroad Retirement Supplemental Account, and the Dual Benefits Payments Account.*
- ✔ *Continue to perform compensation reconciliations.*[1]
- ✔ *Continue to reconcile railroad retirement tax deposits reported by employers with taxes credited to the RRB trust funds.*

We will continue to work with the IRS to be able to perform a comprehensive reconciliation between the amount of taxes shown as paid on each railroad CT-1 (Employer's Annual Railroad Retirement Tax Return) filed with the IRS, and the amounts received and deposited in the RRB trust fund accounts.

Strategic Goal III: We Will Align Resources to Effectively and Efficiently Meet Our Mission. In an environment of limited resources, our goal is to align these resources with the needs of our customers and to be sure that we can deliver service when, where, and how our customers need it. We must ensure that our employees have the tools, training and skills they need to perform a range of duties, and the flexibility to respond effectively to change, as needed. Employees need to know where we are going, what their roles are, and how their work relates to the agency's mission. They need to work independently and in groups, without close supervision. There are five objectives that will enable us to meet this goal.

[1] Compensation reconciliations involve a comparison of compensation reported by railroad employers to the RRB for benefit calculation purposes with compensation reported to the IRS for tax purposes. We plan to complete them at least 1 year before the statute of limitations expires.

Performance Goal III-A: **We will align our resources using a performance approach based on contribution to mission.** We will properly align our resources and ensure that the activities with the highest priority get the needed resources. Under a performance-based approach, investments of staff and funds will be made in a manner which best contributes to our mission. Our success will be measured by how well we meet customer service and accuracy standards, and by the unit costs of production for key workloads. To accomplish this, we will:

- ✔ *Implement a performance-based approach to resource allocation and management, utilizing tools such as Activity-Based Cost/Management, Return on Investment, or Benefit-Cost Analysis.*
- ✔ *Evaluate and prioritize projects based on contribution to mission and return on investment.*
- ✔ *Monitor and evaluate the ratio of our administrative costs to benefit outlays.*

Performance Goal III-B: **We will strive to deliver service at the point-of-contact ("one and done").** We strive to deliver service at the point-of-contact. Our objective is "one and done"– meaning that our customers can complete their business with us in a single contact. Our success in this goal will be measured by a noticeable reduction in "handoffs" and layers of review involved in processing service transactions, and by an analysis of our reversal rates. Most importantly, we will gauge our success by the feedback from our customers. In order to achieve this goal, we will:

- ✔ *Make information available for point-of-contact service.*
- ✔ *Design systems to facilitate customer focus and ease of use.*
- ✔ *Monitor and evaluate the incidences where initial payment or denial decisions are reversed.*

Performance Goal III-C: **We will use outside sources and partnerships, when appropriate, to accomplish our mission.** Another objective with respect to this goal is to use outside sources and partnerships with other agencies and organizations, when appropriate, i.e., when significant savings can be expected and quality of service will not suffer. As a small agency it is not always economically feasible to retain staff expertise in specialized areas or to perform all activities in-house. We will continue to engage in cross-cutting programs and activities with other Federal agencies, most notably with the Social Security Administration (regarding social insurance coordination issues and program integrity), the Health Care Financing Administration (regarding Medicare enrollments and claims, and program integrity) and the Department of the Treasury/Internal Revenue Service (regarding simplified tax and wage reporting, debt collection, disbursements, reclamations, investments, accounting, and audits). We will measure how well we use outside resources and partnerships through the actual number of each that we utilize, the cost and/or time savings, and through improved effectiveness. Our approach to doing this will be as follows.

- ✔ *We will perform best value comparisons on appropriate in-house activities.*
- ✔ *We will review the Strategic IRM Plan to identify potential opportunities for competitive outsourcing.*
- ✔ *We will keep abreast of current trends and opportunities.*
- ✔ *We will work with other agencies and organizations to meet mutual goals.*

Performance Goal III-D: We will ensure that all employees can link their daily activities with the agency's mission in an environment that is discrimination-free and characterized by cooperation, empowerment, and mutual commitment to our stakeholders. Our objective is to ensure that all employees and organizational units can link their daily activities with the agency's mission and operate in an environment that allows them to work effectively and efficiently. With fewer supervisors and layers of management, and an increasing need for specialized skills and talents, the challenges our employees face each day are significant. In order to meet these challenges, our employees need the necessary training and development to be able to work together in a supportive, discrimination-free environment that allows them to do what is needed to meet our goals. The RRB also recognizes the needs our employees have for flexibility in their work place and in their schedules. Programs such as family-friendly leave, compressed work schedules, and other accommodations allow employees to balance their family and work needs. In order to evaluate our progress in this area, we will work with the employees' representatives to develop meaningful metrics that will enable us to determine the level of awareness of individual identification with the agency's mission. We may look at individual performance appraisal plans to ensure this linkage. We may also monitor and analyze sustained discrimination complaints to determine trends. We will seek additional measures that would provide valid feedback and enable us to assess our performance in this area. In addition, we will evaluate our performance on the levels of service specified in customer service standards, and monitor our quality measures. In order to accomplish this goal, we will:

- ✔ *Communicate the mission and strategic plan to all employees.*
- ✔ *Have each organizational unit identify and communicate its specific contributions to the agency's overall mission.*
- ✔ *Link managers' and supervisors' individual performance plans with achievement of agency goals and objectives.*

Performance Goal III-E: We will ensure that the RRB consistently pays the lowest price for products and services commensurate with quality, service, delivery and reliability. This goal, based upon Federal Acquisition Regulations (FAR) which apply to all Federal agencies, is to create a first-class acquisition system. The measures of our performance in achieving this objective are detailed in the agency plan developed under these regulations. Briefly, they are: contract award dates shall, at a minimum, meet agency-mandated delivery schedules; solicitations shall include past performance of the contractor as an evaluation factor; contractor performance evaluations shall be conducted in accordance with the applicable Federal Acquisition Regulations; the percentage of dollars obligated using simplified acquisition procedures shall exceed the Federal government percentage of dollars competitively awarded; and, each purchase order and each contract file shall exhibit a positive vendor responsibility determination. To achieve this goal, the RRB will do the following:

- ✔ *The RRB will pay the lowest price for products/services commensurate with quality, service, delivery, and reliability.*
- ✔ *RRB procurement staff will closely manage solicitations and the resulting contracts.*

Strategic Goal IV: We Will Expand Our Use of Technology and Automation to Achieve Our Mission. We have established two objectives that focus on information technology and automation as a key strategy for helping us to achieve our mission.

Performance Goal IV-A: **We will ensure that the technology infrastructure supports achievement of the agency's Strategic Plan.** The RRB's technology infrastructure is adequate to support current ongoing operations. However, as we forge ahead into new realms of technology, we will need to evaluate the long-term viability of the infrastructure, and make investments to maintain and upgrade it to ensure support for the agency's mission well into the future.

Performance measures for this goal focus on the development of a Strategic Information Resources Management (IRM) Plan, which demonstrates the linkage between the infrastructure and the agency's Strategic Plan, and on the appropriate use of budgetary resources to support the Strategic IRM Plan. To accomplish this goal, we will:

- ✔ *Provide for all infrastructure requirements in the Information Technology (IT) Capital Plan funded by the agency's annual budget.*
- ✔ *Take advantage of existing and emerging technologies.*

Performance Goal IV-B: **We will ensure effective and efficient management of IT resources.** This broad goal relates to all types of IT resources, from personnel to hardware and software. It will be crucial to manage all these resources carefully, regardless of how scarce they may be, in order to ensure that they are used for the highest business priorities of the agency, and are not wasted through inefficient or ineffective processes. To measure our performance in this area, we will rely on the information in the Strategic IRM Plan, the establishment of baseline schedules and goals for major projects and initiatives, and the use of user service agreements for computer operations. We will take the following actions to achieve this goal:

- ✔ *Ensure focus, direction, and consistency on all of our automation activities.*
- ✔ *Perform benefit-cost analyses for major IT projects.*
- ✔ *Strive to reduce IT project cycle times and costs.*
- ✔ *Ensure that agency personnel are adequately equipped with IT tools and technology and the knowledge to use them.*

RAILROAD RETIREMENT BOARD		1998 Actual Performance (At $87.2 million)	Estimated 1999 (At $90 million)	1999 Actual Performance (At $90 million)	Estimated 2000 (At $90.655 million)	2001 - OMB Budget Level (At $92.5 million)	2001 - RRB Request Level (At $95.0 million)
Strategic Goal I: We Will Provide Excellent Customer Service	FTE's:	673	695	689	640	630	635
		$48,379,000	$49,471,000	$47,574,000	$47,431,000	$49,767,000	$51,407,000
Performance Goal I-A: Optimize accuracy in providing benefits.							
1. Achieve a railroad retirement benefit payment accuracy rate of at least 99%. (Measure: % Accuracy rate)	Initial payments:	99.64%	99.70%	99.68%	99.40%	99.60%	99.60%
	Post payments:	99.95%	99.87%	99.91%	99.60%	99.80%	99.80%
2. Achieve a railroad unemployment/ sickness insurance benefit payment accuracy rate of at least 99%. (Measure: % Accuracy rate)	Unemployment:	99.80%	99.90%	99.60%	99.50%	99.50%	99.50%
	Sickness:	99.60%	99.80%	99.70%	99.60%	99.60%	99.60%
Performance Goal I-B: Make payments timely.							
1. Railroad retirement employee or spouse receives initial annuity payment, or notice of denial, within 35 days of annuity beginning date, if advanced filed. (Measure: % ≤ 35 days)		94.3%	90%	94.6%	89%	92%	92.5%
2. Railroad retirement employee or spouse receives initial annuity payment, or notice of denial, within 65 days of the date the application was filed, if not advanced filed. (Measure: % ≤ 65 days)		91.9%	88%	93.1%	87 %	91%	91.5%
3. Survivor annuitant not already receiving a benefit receives initial payment, notice of denial, or notice of transfer to SSA within 65 days of the annuity beginning date, or date filed (whichever is later). (Measure: % ≤ 65 days)		76.5%	72%	77.3%	70%	79%	79%
4. Survivor annuitant receiving benefits as spouse receives payment as survivor, notice of denial, or notice of application transfer to SSA, within 35 days of RRB receipt of the notice of employee's death. (Measure: % ≤ 35 days)		90.0%	88%	90.7%	85%	89%	89.5%
5. Applicant for any railroad retirement death benefit receives payment, or notice of denial, within 65 days of date filed. (Measure: % ≤ 65 days)		91.0%	90%	93.8%	80%	91%	91.5%
6. Unemployed railroad worker receives UI claim form, or notice of denial, within 15 days of the date application filed. (Measure: % ≤ 15 days)		97.10%	98.00%	99.00%	95.0%	98.00%	98.50%
7. Railroad employee unable to work due to temporary illness or injury receives SI claim form, or notice of denial, within 15 days of the date application filed. (Measure: % ≤ 15 days)		99.20%	98.20%	99.00%	95.0%	98.80%	99.00%
8. Railroad employee, unemployed or unable to work due to temporary illness or injury, receives a payment for unemployment or sickness insurance benefits, or a decision, within 15 days of claim receipt. (Measure: % ≤ 15 days)		99.20%	99.20%	99.50%	95.0%	99.30%	99.50%

	Actual 1998 (At $87.2 million)	Estimated 1999 (At $90 million)	Actual 1999 (At $90 million)	Estimate 2000 (At $90.655 million)	2001 - OMB Budget Level (At $92.5 million)	2001 - RRB Request Level (At $95.0 million)
9. Disabled applicant or family member receives notice of decision to pay or deny within 105 days of the date application for disability is filed. (Measure: % ≤ 105 days) 1/	28.1%	75%	50.6%	65%	60%	62%
10. Disabled applicant receives payment within 25 days of decision or earliest payment date (whichever is later) (Measure: % ≤ 25 days)	84.2%	90%	90.0%	88%	90%	90.5%
11. Maintain an end-of-year normal carry-forward balance of 11,055 cases or less in 8 targeted workload categories. (Measure: number on hand at end of year)	5,264	8,055	3,636	5,600	5,600	5,600
12. Reduce the number of days elapsed between the date the appeal is filed and a decision is rendered. (Measure: average elapsed days)	New indicator	215	203	220	210	200
Performance Goal I-C: Provide relevant, timely, and accurate information which is easy to understand.						
1. Inquirer receives answer or acknowledgment of written correspondence within 15 days of receipt. (Measure. % ≤ 15 days)	98.2%	99.30%	99.00%	98.00%	98.00%	98.50%
2. Achieve quality and accuracy of correspondence, publications, and voice communications. (Measure. Surveys & reviews)	2/	2/	3/	Deferred	Deferred	Deferred
3. Maintain the combined balance of unprocessed record corrections and cases requiring review for corrected tax statements below the end-of-year normal working level (1,200 items). (Measure: number on hand at end of year)	550	<1,200	153	550	550	550
Performance Goal I-D: Provide a range of choices in service delivery methods.						
1. Offer service for the retirement program by telephone, interactive voice response (IVR), mail, personal computer and in person via field offices and itinerant service. (Measure. # of choices)	5 choices	5 choices	5 choices	5 choices	5 choices	5 choices
2. Offer service for the unemployment/sickness program by telephone, IVR, mail, personal computer and in person via field offices and itinerant service. (Measure: # of choices)	5 choices	5 choices	5 choices	5 choices	5 choices	5 choices
3. Obtain customer feedback. (Measure: Surveys & reviews)	4/	5/	6/	6/	6/	6/
Performance Goal I-E: Ensure an efficient and effective reporting system for railroad employers.						
1. Railroad employer reports filed on time, without problems (Measure: % of reports filed on time, without problems)	71.8% (Based on report problems)	85% (Based on report problems)	52% 7/ (Based on report problems)	65% (Based on report problems)	60% (Based on report problems)	60%
2. Railroad employer reports filed electronically, or on magnetic media. (Measure: % filed electronically, or on magnetic media)	96.1% (Of employees)	96.0% (Of employees)	96.0% (Of employees)	96.0% (Of employees)	96.0% (Of employees)	96.0%

	Actual 1998 (At $87.2 million)	Estimated 1999 (At $90 million)	Actual 1999 (At $90 million)	Estimate 2000 (At $90.655 million)	2001 - OMB Budget Level (At $92.5 million)	2001 - RRB Request Level (At $95.0 million)
Strategic Goal II: We Will Safeguard Our Customers' Trust Funds Through Prudent Stewardship	FTE's: 257	210	197	217	203	204
	$17,960,000	$14,047,000	$14,548,000	$16,026,000	$16,263,000	$16,392,000
Performance Goal II-A: Ensure the integrity of benefit programs through comprehensive and integrated monitoring and prevention programs.						
1. Maintain active wage matches with all 50 States to ensure the accuracy of benefit payments. (Measure: # of States matching)	50, plus Puerto Rico & WDC	50, plus Puerto Rico & WDC	50, plus Puerto Rico & WDC	50 plus Puerto Rico & WDC	50, plus Puerto Rico & WDC	50, Plus Puerto Rico & WDC
2. Achieve a return of $3.60 for each dollar spent on program integrity activities. (Measure: $ recoveries & savings per $ spent)	$3.79 : $1	$4.00 : $1	$4.69 : $1	$3.60 to 1	$3.60 to 1	$3.60 to 1
3. Perform continuing disability reviews (medical). (Measure: # performed)	1,621	1,700	2,944	1,200	800 9/	800 9/
4. Reduce overpayments caused by internal processes (Measure: to be determined)	Not applicable	Not applicable	Not applicable	Not applicable	No action	No action
Performance Goal II-B: Ensure efficient operations through effective management control and quality assurance programs.						
1. Take prompt action to correct any material weaknesses. (Measure: # of material weaknesses open at beginning of fiscal year.)	2 open	1 open	1 open 9/	0 open	Revised	Revised
Take prompt action to correct any material weaknesses. (Measure: % of action plan milestones accomplished.)	Not applicable	Not applicable	Not applicable	Not applicable	80%	80%
2. Submit to the President and Congress the Federal Managers' Financial Integrity Act Report by December 31st each year. (Measure: Date report submitted)	12/23/97	12/28/98	12/28/98	12/31/99	12/31/00	12/31/00
3. Resolve audit findings promptly. (Measure: # of audit recommendations to put funds to better use that are not resolved within 6 months of report)	0 recommendations	0 recommendations	0 recommendations	0 recommendations	0 recommendations	0 recommendations
4. Take prompt corrective action on audit recommendations (Measure: % of audit recommendations implemented by target date)	Tracking system and FY 1999 goal established in FY 1998	75%	63.83%	65%	62.5%	75%
Performance Goal II-C: Ensure that trust fund assets are projected, collected, recorded, and invested appropriately through an effective and efficient trust fund management program.						
1. Railroad Retirement Account's market rate of return will exceed the Bloomberg index of Treasury notes and bonds with more than 1 year of maturity. (Measure Yes/No) (Note: Future rates of return cannot be forecasted.)	Bloomberg 13.99% RRB 13.65%	Exceed Bloomberg index	Exceeded Bloomberg index Yes	Exceed Bloomberg index	Exceed Bloomberg index	Exceed Bloomberg index

	Actual 1998 (At $87.2 million)	Estimated 1999 (At $90 million)	Actual 1999 (At $90 million)	Estimate 2000 (At $90.695 million)	2001 - OMB Budget Level (At $92.5 million)	2001 - RRB Request Level (At $95.0 million)
2. Debts will be collected through referrals to outside collection programs, including the Treasury Offset Program, Treasury cross-servicing, Federal Tax Offset Program, and private collection agencies. (Measure: funds collected)	$882,818	$750,000	$1,747,354	$800,000	$800,000	$800,000
3. Debts will be collected through a variety of other collection efforts. (Measure: funds collected (excludes II-C.2 collections))	New indicator	New indicator	New indicator	$54,400,000	$54,400,000	$54,400,000
4. Complete compensation reconciliations at least 1 year before the statute of limitations expires. (Compensation reconciliations involve a comparison of compensation reported by railroad employers to the RRB for benefit calculation purposes with compensation reported to the IRS for tax purposes.) (Measure: % completed)	100% of the 1995 reconciliations on 2/18/1998	100% of the 1996 reconciliations by 2/28/1999	100% of the 1996 reconciliations completed on 2/12/99	100% of the 1997 reconciliations by 02/29/2000	80% of the 1998 reconciliations by 02/28/2001	100% of the 1998 reconciliations by 02/28/2001
5. Perform reconciliations between the amount of taxes shown as paid on each railroad CT-1 (Employer's Annual Railroad Retirement Tax Return) filed with the IRS, and the amounts received and deposited in the RRB trust fund accounts. (The IRS sent us the 1998 CT-1's in late 1999.) The 1998 reconciliations will be performed in Fiscal Year 2000 and the 1999 reconciliations in Fiscal Year 2001. (Measure. % of dollars reconciled)	New indicator	New indicator	New indicator	97.0%	95.0%	97.0%
Strategic Goal III: We Will Align Resources to Effectively and Efficiently Meet Our Mission	FTE's: 46	52	40	39	41	41
	$3,240,000	$3,748,000	$3,692,000	$3,165,000	$3,793,000	$3,822,000
Performance Goal III-A: Align our resources using a performance approach based on contribution to mission.						
1. Implement a methodology to determine unit cost of key production workloads. (Measure: # of key workloads with unit cost information) 10/	FY 1999 goal	1 workload	1 workload	Deferred	Deferred	Deferred
2. Set specific goals for unit costs of key workloads for years subsequent to implementation of new methodology. (Measure: # of unit cost goals)	FY 1999 goal	1 workload	1 workload	Deferred	Deferred	Deferred
3. Maintain or reduce the ratio of total administrative expenses to benefit outlays. (Measure: ratio of expenses to outlays)	Approx. $1 : $100	Approx. $1 : $100	$1.02 : $100	Approx. $1 : $100	Approx. $1 : $100	Approx. $1 : $100
Performance Goal III-B: Strive to deliver service at the point-of-contact ("one and done").						
1. Reduce the number of handoffs in providing service. (Measure: # of handoffs in claims & key post-entitlement processes.)	FY 1999 goal	11/	Baseline developed	Deferred	Deferred	Deferred
2. Develop a methodology by 9/30/1999, to measure percentage of services provided at point-of-contact (Measure: Date methodology developed)	FY 1999 goal	6/30/99	6/30/99	Not applicable	Revised	Revised
Complete actual measurement of services provided at the point of contact. Develop action plans as needed.	Not applicable	Not applicable	Not applicable	Not applicable	No	No
3. Complete trend analysis by 9/30/1999, of reversals in at least 1 workload. (Measure: Date)	FY 1999 goal	6/30/99	Completed in February 1999	Not applicable	Not applicable	Not applicable

	Actual 1998 (At $87.2 million)	Estimated 1999 (At $90 million)	Actual 1999 (At $90 million)	Estimate 2000 (At $90.655 million)	2001 - OMB Budget Level (At $92.5 million)	2001 - RRB Request Level (At $93.0 million)
Performance Goal III-C: Use outside sources and partnerships, when appropriate, to accomplish our mission.						
1. Perform benefit/cost evaluations of commercially available activities. (Measure: Completion of benefit/cost analyses)	12/	Yes	No studies required in FY 1999	Yes	No	No
2. Partner with other government agencies or outside organizations to achieve our mission. (Measure: # of partnerships)	69	69	87 13/	87 13/	66 13/	66 13/
Performance Goal III-D: Ensure that all employees can link their daily activities with the agency's mission in an environment that is discrimination-free and characterized by cooperation, empowerment, and mutual commitment to our stakeholders.						
1. Individual performance appraisal plans for managers and supervisors contain elements that link to the agency's mission. (Measure: Yes/No)	FY 1999 goal	Yes	Yes	Yes	Yes	Yes
2. Solicit employee feedback on work environment to determine if it is discrimination-free and supports cooperation, empowerment, and mutual commitment. (Measure: Employee survey)	Developed plan	Perform a survey to obtain employee feedback.	Survey completed and final report issued.	None	None	None
Performance Goal III-E: Ensure that the RRB consistently pays the lowest price for products and services commensurate with quality, service, delivery and reliability.						
1. The percentage of fiscal year dollars competitively obligated via simplified acquisition and contract procedures shall exceed the Government percent of procurement dollars awarded competitively as reported in the Federal Procurement Data System Reporting Manual, Federal Procurement Data Center. (Measure: % of funds awarded)	Govt.: 64.1% RRB: 91.8%	70% 84%	Not available until March 2000 87%	Will exceed Government percentage	Will exceed Government percentage	Will exceed Government percentage
2. 90 percent of purchase orders/contracts meet or exceed the purchase/contract delivery date. (Measure: % meeting/ exceeding date)	Tracking system available	90%	85.8% 14/	90%	80%	85%
3. All solicitations include past performance as an evaluation factor. Each contract file will exhibit a formal determination and finding of contractor responsibility. (Measure: % meeting requirement)	100%	100%	100%	100%	90%	100%
Strategic Goal IV: We Will Expand Our Use of Technology and Automation to Achieve Our Mission	FTE's: 251 $17,594,000	239 $22,734,000	270 $23,962,000	240 $24,031,000	238 $22,877,000	239 $23,379,000
Performance Goal IV-A: Ensure that the technology infrastructure supports achievement of the agency's Strategic Plan.						
1. The Strategic IRM Plan demonstrates a linkage between the infrastructure and the agency's strategic plan. (Measure: Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes
2. Capital IT Plan used to support the Strategic IRM Plan (Measure: Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes

	Actual 1998 (At $87.2 million)	Estimated 1999 (At $90 million)	Actual 1999 (At $90 million)	Estimate 2000 (At $90.655 million)	2001 - OMB Budget Level (At $92.5 million)	2001 - RRB Request Level (At $95.0 million)
3. Development of an updated Strategic IRM Plan by 3/31/2000. (Measure: Date plan developed)	6/15/98	3/31/99	6/31/99 15/	Revised	Revised	Revised
Development of an updated Strategic IRM Plan annually, in time to provide input for the annual budget submission. (Measure: Yes/No)	New indicator	New indicator	New indicator	Yes	Yes	Yes
Performance Goal IV-B: Ensure effective and efficient management of IT resources.						
1. Successfully implement major projects as specified in project plans, project definition and requirements documents. (Measure: % completed and signed off on by due date)	93.8% 16/	94%	100% 16/	Revised	Revised	Revised
Successfully implement major projects as specified in project plans, project definition and requirements documents. (Measure: % completed and signed off by due date within no more than 10% of the estimated time frame.)	New indicator	New indicator	New indicator	94%	94% 17/	94% 17/
2. Actual costs for major projects are within 10% of estimated costs. (Measure: % projects within 10% of estimated costs)	88.8% 16/	90%	100% 16/	Revised	Revised	Revised
Provide accurate cost estimates for major projects. (Measure: Total estimated costs ÷ total actual costs)	New indicator	New indicator	New indicator	±-10% of cost estimate	±10% of cost estimate	±10% of cost estimate
3. Computer operations satisfy service levels as specified in user service agreements. (Measure: Exception reports)	Performance target established for FY 1999	No more than 12	Two	No more than 12	No more than 15 18/	No more than 15 18/
4. Actual performance of major operational application systems maintained by BIS. (Measure: Exception reports (e.g., incidents of system down times, unsuccessful batch operations, or other problem situations)).	Performance target established for FY 1999	No more than 12	Four	Not applicable	Not applicable	Not applicable
Performance Goal IV-C: Continue service by ensuring that our systems are Year 2000-compliant.						
1. All mission critical systems will be Year-2000 (Y2K) compliant by 9/30/99. (Measure: % Y2K compliant)	72%	100%	100%	Not applicable	Not applicable	Not applicable

Endnotes

Full-time equivalent staff years (FTE's) include FTE's at the base level of the budget reimbursed by the Health Care Financing Administration (HCFA). Dollar amounts do not include $398,000 in Y2K funds provided by OMB for fiscal year 1999 (available through September 30, 2001).

1. While the average performance for FY 1999 was 50.6%, we began the year at 34.5% and ended it at 64.6%. For the month of November 1999, our performance was 66.7%. At the FY 2000 budget level, we expect the growth in improvement to end and for performance to drop, resulting in an average of 65% for the year.
2. During FY 1998, we will establish a methodology to measure our performance in this area.
3. Developed a plan of activities to use over the next several years to measure quality and accuracy.
4. Customer satisfaction survey forms being revised and will be available in district offices in FY 1999.
5. Perform comprehensive survey, review the results, and develop action plan, if required.
6. Comprehensive survey deferred for lack of funding. Revised customer satisfaction survey forms were available in field offices in February 1999.
7. Performance for FY 1999 dropped due to many employers submitting reports on March 1, forgetting that the due date (February 28) fell on Sunday. FY 1998 performance was 71.8%. Additionally, we released reporting software on CD-ROM which is designed to assist smaller employers file reports electronically, more timely, and more accurately.
8. We expect to implement a new Continuing Disability Review program in fiscal year 2000. Draft regulations are pending OMB review.
9. The Management Control Review Committee agreed on March 25, 1999, that the one remaining material weakness regarding inaccurate benefit payments as reported in the RRB's December 28, 1998, Federal Managers' Financial Integrity Act Report was resolved. Also, in the Inspector General's March 5, 1999, Report on Internal Control, it was determined that this is no longer a financial statement audit issue.
10. Examples of key production workloads are initial employee retirement application processing, debt collection, and initial disability application processing.
11. During FY 1999, develop a baseline against which to measure performance in initial retirement processing.
12. No new evaluations required. Performed a comprehensive survey of commercial activities.
13. The Postal Service (FY 1999) and the Department of Defense (FY 2001) debt collection partnerships are being phased out because of centralized governmentwide debt collection by the Department of the Treasury under the Debt Collection Improvement Act. Also, as of FY 1999, we no longer have a training partnership with Loyola University.
14. The on-time percentage for FY 1999 was based on a random sample of 1,456 small purchase orders with a 95% confidence level. Because a tracking system was not in place, the 90% on-time performance goal was a best estimate. Of the orders deemed late, 4.4% involved construction delays or problems with product availability. In addition, 4.4% of the remaining sampled orders were delivered no more than 15 calendar days later.
15. The scheduled target date was adjusted to August 31, 1999, to better accommodate the budget and capital planning processes, which are closely linked to the Strategic IRM Plan. An updated Strategic IRM Plan was developed by August 31, 1999, in accordance with this revised schedule. We have reworded this performance indicator for future annual performance plans to tie it more directly to the budget process.
16. FY's 1998 and 1999 were both unusual years in that the work measured by these objectives was based entirely on the ongoing Y2K project. For FY 1998, we reported performance based on the implementation of major segments (i.e., systems) of the Y2K project. However, because the agency had established an overall due date of September 30, 1999, for implementing all of its systems, meeting overall Y2K project goals was more meaningful for FY 1999 than completion of individual system goals. Thus, for FY 1999, we are reporting on the overall Y2K project. Overall, agency systems (mission-critical and non-mission-critical) were implemented by the scheduled due date and within planned costs.
17. This performance level is based on the assumption that we will undertake fewer major projects because of reduced staffing. However, we expect to maintain the same level of performance for those projects that are undertaken.
18. This performance indicator is being adjusted because we expect to increase the scope of operations covered by the user service agreements effective 10-1-99, when we include standards of service for agency local and wide area network operations and other services provided by the User Computer Services section in Bureau of Information Services.

February 15, 2000

Improvements to Railroad Retirement Board's Operations at the Full Performance Level - FY 2001

At the full performance level of funding, the level at which the Railroad Retirement Board would be able to successfully achieve all of its performance objectives, the agency would require $95 million, versus the $92.5 million included in the President's budget. This would fund slightly more FTE's as compared to the President's budget, 1,119 FTE's compared to 1,112 FTE's. The additional dollars would also provide us with $2 million to pursue our highest priority information technology investments. These investments would include some projects that have been deferred due to lack of funding in fiscal year 2000, as well as others we had originally planned for fiscal year 2001.

Document imaging	$303,000
Customer/event-initiated transactions system	175,000
Integrated application processing system	175,000
Internet transaction software	108,000
RUIA Internet claim software	62,000
Real-time availability of calculation data	154,000
System development tools	125,000
Extranet	100,000
Internet security tools	75,000
Integrated architecture design consulting services	100,000
Disk storage	81.000
Consolidated LAN/server operations	150.000
Standard workstation infrastructure	200.000
Customer care support system	125.000
Employer report editing software	50,000
TOTAL	$1,983,000

Our ability to pursue these improvement initiatives and investments, which are discussed beginning on page 65, would mean that we will be able to do business with our customers using revised systems and technology. In addition, we will maintain and increase our levels of customer service and stewardship, and improve our service and streamline our operations.

Discussion of Unmet Performance Goals and Indicators for Fiscal Year 1999

Performance indicator I-A.1
Achieve a railroad retirement benefit payment accuracy rate of at least 99%.

At the $90.0 million funding level, we planned to exceed the basic payment accuracy rate of 99% for initial payments. We planned to achieve a payment accuracy rate of 99.70%, but only achieved 99.68%. The variance is .02%. Although our performance in this area has been consistently high we will continue to closely monitor benefit payment accuracy and make improvements where needed. FY 1999 performance reflected a slight improvement from our FY 1998 performance level of 99.64%. Based on our actual performance in FY 1998 and FY 1999, and FY 2000 projected funding at $90.655 million, we project a performance level of 99.40% in FY 2000.

Performance indicator I-A.2
Achieve a railroad unemployment/sickness insurance benefit payment accuracy rate of at least 99%.

At the $90.0 million funding level, we planned to exceed the basic payment accuracy rate of 99% for unemployment and sickness insurance payments. We planned to achieve a payment accuracy rate of 99.90% for unemployment insurance claims, but only achieved 99.60%. We also planned to achieve a payment accuracy rate of 99.80% for sickness insurance claims, but only achieved 99.70%. This reflected a slight improvement from our FY 1998 performance level of 99.60% for sickness insurance payments. Based on our actual performance in FY 1998 and FY 1999, and FY 2000 projected funding at $90.655 million, we project a performance level of 99.50% for unemployment insurance claims and 99.60% for sickness insurance claims in FY 2000.

Performance indicator I-B.9
Disabled applicant or family member receives notice of decision to pay or deny within 105 days of the date application for disability is filed.

We continue to make improvements in this area. The percentage of cases rated within the standard has steadily climbed during FY 1999. During FY 1998, it was 28.1%. In September 1999, 64.6% of the ratings made this target. During the past year, we trained new disability examiners and provided refresher training for established examiners and field offices. Procedural changes have been made to streamline processing and improve work. Based on our actual performance in FY 1998 and FY 1999, and FY 2000 projected funding at $90.655 million, we project a performance level of 65% in FY 2000.

Performance indicator I-C.1
Inquirer receives answer or acknowledgment of written correspondence within 15 days of receipt.

This variance is due to the inclusion of additional RRB organizations in measuring performance. The FY 1999 compliance rate (99.0%) exceeds that of FY 1998 (98.2%). While our FY 1999 performance was less than projected (99.3%), this indicates that we are improving in this area. Based on our actual performance in FY 1998 and FY 1999, and FY 2000 projected funding at $90.655 million, we project a performance level of 98.0% in FY 2000.

Performance Indicator I-E.1 Railroad employer reports filed on time, without problems.	Performance for FY 1999 dropped to 52% due to many employers submitting reports on March 1, forgetting that the due date (February 28) fell on a Sunday. About one-half of the reports filed late were received within 1 - 5 days of this date. Many employers filing on magnetic media for the first time also experienced problems. We have released reporting software on CD-ROM which is designed to assist smaller employers to file reports electronically, more timely, and more accurately. FY 1998 performance was 71.8%. Based on our actual performance in FY 1998 and FY 1999, and FY 2000 projected funding at $90.655 million, we project a performance level of 65% in FY 2000.
Performance Indicator II-B.4 Take prompt corrective action on audit recommendations.	Our FY 1999 goal was to implement 75% of audit recommendations by the target date. Our actual results were 63.83%. FY 1999 was the first full year of measuring this indicator. Based upon the results from the first year and FY 2000 projected funding at $90.655 million, we have decided to adjust the goal to 65% for FY 2000.
Performance Indicator III-C.2 Partner with other government agencies or outside organizations to achieve our mission.	The Postal Service debt collection partnership was phased out because of centralized government-wide debt collection by the Department of the Treasury under the Debt Collection Improvement Act. Also, as of FY 1999, we no longer have a training partnership with Loyola University. Based on our actual performance in FY 1998 and FY 1999, and FY 2000 projected funding at $90.655 million, and the consolidation of the Department of Defense debt collection partnership with the Department of the Treasury under the Debt Collection Improvement Act, we project that we will have 66 partnerships in place in FY 2000.
Performance Indicator III-E.2 90 percent of purchase orders/contracts meet or exceed the purchase/contract delivery date.	The on-time percentage of 85.8% for FY 1999 was based on a random sample of 1,456 small purchase orders with a 95% confidence level. Because a tracking system was not in place at the time the goal was set, the 90% on-time performance goal for FY 1999 was a best estimate. Of the orders deemed late, 4.4% involved construction delays or problems with product availability. In addition, 4.4% of the remaining sampled orders were delivered no more than 15 calendar days later.
Performance Indicator IV-A.3 Development of an updated Strategic IRM Plan by 3/31/2000.	We have changed the scheduled target date to August 31, 1999, to better accommodate the budget and capital planning processes, which are closely linked to the Strategic IRM Plan. An updated Strategic IRM Plan was developed by August 31, 1999, in accordance with this revised schedule. We have reworded this performance indicator for future annual performance plans to tie it more directly to the budget process, rather than to a specific point in time.

JUSTIFICATION OF ESTIMATES

The Administration's Proposed Appropriation Language

[DUAL BENEFITS PAYMENTS ACCOUNT] *FEDERAL WINDFALL SUBSIDY*

For payment to the [Dual Benefits Payments] *Federal Windfall Subsidy* Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, [$174,000,000] *$160,000,000*, which shall include amounts becoming available in fiscal year [2000] *2001* pursuant to section 224(c)(1)(B) of Public Law 98-76; and in addition, an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds [$174,000,000] *$160,000,000*: *Provided*, That the total amount provided herein shall be credited in 12 approximately equal amounts on the first day of each month in the fiscal year. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2000, as enacted by section 1000(a)(4) of the Consolidated Appropriations Act, 2000 (P.L. 106-113).)*

Explanation of Proposed Appropriation Language

Appropriation language	Explanation
For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, [$174,000,000] *$160,000,000*, which shall include amounts becoming available in fiscal year [2000] *2001* pursuant to section 224(c)(1)(B) of Public Law 98-76; and in addition, an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds [$174,000,000] *$160,000,000*:...	The proposed appropriation language provides $160,000,000 for payment of vested dual benefits. Section 224 provides for taxation of these benefits. Of the $160,000,000, it is estimated that $10 million will be derived from income tax revenues as provided by Section 224(c)(1)(B) of Public Law 98-76. Also, an additional reserve amount not to exceed $3,200,000 ($160,000,000 X 2%) will be made available only if the product of recipients and the average benefit received exceeds the product anticipated in the budget estimates.
...*Provided*, That the total amount provided herein shall be credited in 12 approximately equal amounts on the first day of each month in the fiscal year.	The monies provided to the Dual Benefits Payments Account are to be made available to the account on a monthly basis in 12 approximately equal amounts.

Authorizing Legislation

Legislation	2000 Authorized	2000 Appropriation	2001 Authorized	2001 Appropriation request
Railroad Retirement Act of 1974 as amended: Sections 15(d)(1), 7(c)(1), and 15(i)(2) Dual Benefits Payments	Indefinite	$173,339,000 a/	Indefinite	$160,000,000

a/ Reflects the appropriation received under Public Law 106-113, less a rescission of 0.38 percent.

Section 15(d)(1):

> "There is hereby created an account in the Treasury of the United States to be known as the Dual Benefits Payments Account. There is hereby authorized to be appropriated to such account for each fiscal year beginning with the fiscal year ending September 30, 1982, such sums as are necessary to pay during such fiscal year the amounts of annuities estimated by the Board to be paid under sections 3(h), 4(e), and 4(h) of this Act and under sections 204(a)(3), 204(a)(4), 206(3), and 207(3) of Public Law 93-445."

Section 7(c)(1):

> "In any fiscal year, the total amounts paid under such sections shall not exceed the total sums appropriated to the Dual Benefits Payments Account for that fiscal year."

Section 15(i)(2):

> "The Secretary of the Treasury shall, on a monthly basis, credit each account established in the Treasury for the payment of benefits under this Act for the proportionate amount of benefit checks (including interest thereon) drawn on each such Account more than six months previously but not presented for payment and not previously credited to such Account, to the extent provided in advance in appropriation Acts."

Appropriations History Table

Dual Benefits Payments Account

Year	Budget estimate to the Congress	House allowance	Senate allowance	Appropriation/ continuing resolution
1992	$315,000,000	$315,000,000 a/	$319,100,000 b/	$319,100,000 b/
1993	$297,000,000 c/	$294,030,000 c/	$294,030,000 c/	$294,030,000 c/
1994	$277,000,000 c/	$277,000,000 c/	$277,000,000 c/	$277,000,000 c/
1995	$261,000,000 c/	$261,000,000 c/	$261,000,000 c/	$254,000,000 c/d/
1996	$240,000,000 c/	$239,000,000 c/	$239,000,000 c/	$239,000,000 c/
1997	$223,000,000 c/	$223,000,000 c/	$223,000,000 c/	$223,000,000 c/
1998	$206,000,000 c/	$206,000,000 c/	$205,500,000 c/	$205,500,000 c/
1999	$191,000,000 c/	$191,000,000 c/	$189,000,000 c/	$189,000,000 c/
2000	$175,000,000 c/	$175,000,000 c/	$174,000,000 c/	$173,339,000 c/ e/
2001	$160,000,000 c/			

a/ Specified that the amount made available would be credited to the account immediately in order to earn interest.

b/ Specified that the amount made available would be credited to the account on a monthly basis in 12 approximately equal amounts.

c/ In addition, an amount not to exceed 2 percent of the appropriation amount shall become available proportional to the amount by which the product of recipients and the average benefit received exceeds the appropriation amount. Also specified that the amount made available would be credited to the account on a monthly basis in 12 approximately equal amounts.

d/ Amount reflects appropriation received under Public Law 103-333 of $261,000,000, less the rescission of $7,000,000 under Public Law 104-19.

e/ Amount reflects appropriation received under Public Law 106-113 of $174,000,000, after the rescission of $661,000.

FUNDING SOURCES

The proposed appropriation language calls for funding from the following source.

Funding sources	Budget authority a/
General revenue	$160,000,000
[Of the $160,000,000 to be funded from general revenue, $10,000,000 is expected from income taxes on vested dual benefits.]	

a/ The proposed appropriation language provides that "*** an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds $160,000,000***."

Dual Benefits Payments Account

Amounts Available for Obligation

	Fiscal year 1999 actual	Fiscal year 2000 estimate	Fiscal year 2001 estimate
Appropriation (general funds of the Treasury)	$189,000,000	$174,000,000	$160,000,000
Less:			
Amount rescinded in accordance with Public Law 106-113.		(661,000)	
Subtotal, adjusted Appropriation		$173,339,000	
Plus:			
Transfer from other accounts (Federal Payments to the Railroad Retirement Accounts)	4,000 a/	5,000 a/	5,000 a/
Subtotal	$189,004,000	$173,344,000	$160,005,000
Unobligated balance	645,000	0	0
Total obligations (payments to beneficiaries)	$188,359,000	$173,344,000	$160,005,000

a/ This amount represents this account's share of interest on uncashed checks.

Explanation of 2001 Request

This is the 26th request for appropriations authorized by the Railroad Retirement Act of 1974 to fund vested dual benefits received by railroad retirees who, under prior law, would become covered by both the railroad retirement system and the social security system because railroad retirement was not fully coordinated with social security from 1937 to 1974.

Under laws in effect prior to 1975, a worker engaging in covered employment under both the Railroad Retirement Act and Social Security Act could receive benefits separately under both Acts. Because the social security benefit formula is weighted in favor of the low wage earner, the total of a worker's benefits from both systems averaged more than annuities of railroad employees who worked in the rail industry exclusively, and who had paid proportionally higher retirement taxes for the purpose of receiving higher benefits. The cost of the dual benefits was borne by the railroad retirement system since they reduced the system's income from its financial interchange with the social security system.

This situation was the major cause of the poor financial condition of the railroad retirement system in the early 1970's. In order to improve the system's financial condition, the Railroad Retirement Act of 1974 provided that the tier I component of the railroad retirement annuity be reduced by any social security benefit. This essentially integrated the two systems and eliminated the advantage of qualifying for benefits under both systems.

However, it was generally considered unfair to eliminate this advantage entirely for those already retired or close to retirement when the 1974 Act became effective. The 1974 Act, therefore, provided for a restoration of benefits which were considered vested at the end of 1974. The restored amount was known as the "vested dual benefit."

After considering various alternatives, the Congress authorized general fund appropriations to finance the cost of phasing out dual benefits. The Congress considered it unfair to impose this cost on current and future railroad employees because such employees would not be permitted to receive dual benefits upon retirement (except where vested rights were involved). Similarly, the Congress believed that it would be unfair to impose this cost on railroads because railroads had not benefitted and had consistently opposed the creation and expansion of dual benefits. Financing the vested dual benefit component of railroad retirement annuities from general revenues was supported by a precedent regarding military service and by the fact that the dual benefit problem had been brought about by prior Congressional action repealing past dual benefit restrictions over the objections of the railroads.

Under the 1974 Act, appropriations had been authorized from general revenues for the phase-out costs of vested dual benefits. The amounts were to be sufficient to fund (on a level payment basis over the years 1976-2000) the vested dual benefits. Because there was no provision in the law to reduce vested dual benefits to a level that would be fully covered by the amount appropriated, railroad retirement taxes were being used to cover the shortfall in the appropriation from general revenues. This led to a drain on the Railroad Retirement Account and contributed to a cash flow crisis.

To stop the resulting drain on the Railroad Retirement Account, the 1981 amendments changed vested dual benefits to a pay-as-you-go basis rather than a level-payment system. Starting in fiscal year 1982, vested dual benefits were to be reduced so as not to exceed the amount of the annual appropriation.

The Railroad Retirement Solvency Act of 1983 provided that revenues generated from income taxes on vested dual benefits be credited to the Railroad Retirement Account for fiscal years 1984 through 1988, and thereafter to the Dual Benefits Payments Account. Thus, since fiscal year 1989, these taxes have been credited to the Dual Benefits Payments Account and applied as an offset to the amount of funding needed from general revenues.

For fiscal year 2000, $173,339,000 has been provided to fund vested dual benefits. It is estimated that $10,000,000 will be derived from income taxes on these benefits and the remainder from general revenues.

The fiscal year 2001 appropriation language provides for 12 monthly payments to this account from general revenues and specifies that $160,000,000 be appropriated for benefits. In addition, the proposed language provides that an additional amount not to exceed 2 percent of the $160,000,000 appropriated -- or up to $3,200,000 -- shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds that same product anticipated in the budget estimates.

JUSTIFICATION OF ESTIMATES
FEDERAL PAYMENTS TO THE RAILROAD RETIREMENT ACCOUNTS

Proposed Appropriation Language

FEDERAL PAYMENTS TO THE RAILROAD RETIREMENT ACCOUNTS

For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for interest earned on unnegotiated checks, $150,000, to remain available through September 30, [2001] *2002*, which shall be the maximum amount available for payment pursuant to section 417 of Public Law 98-76. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2000, as enacted by section 1000(a)(4) of the Consolidated Appropriations Act, 2000 (P.L. 106-113).)*

Explanation of Proposed Appropriation Language

Appropriation language	Explanation
For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for interest earned on unnegotiated checks, $150,000, to remain available through September 30, [2001] *2002*, which shall be the maximum amount available for payment pursuant to section 417 of Public Law 98-76.	Section 417 of Public Law 98-76 (Railroad Retirement Solvency Act of 1983) amended the Railroad Retirement Act of 1974 to provide for monthly transfers from the Treasury of amounts for benefit checks drawn 6 months earlier and not presented for payment. Beginning in fiscal year 1991, the RRB no longer received credits to this account for the principal amount of uncashed railroad retirement checks under provisions of the Competitive Equality Banking Act of 1987. Instead, such funds, which are appropriated to the Treasury, are transferred directly to the railroad retirement accounts and the Dual Benefits Payments Account. As a result, the RRB is no longer required to seek prior appropriation authority for the principal amount of the uncashed check transfers. Interest on uncashed railroad retirement checks, however, must still be appropriated in advance to this account.

Authorizing Legislation

Legislation	2000 Authorized	2000 Appropriation	2001 Authorized	2001 Appropriation request
Railroad Retirement Solvency Act of 1983 Section 417	Indefinite	$150,000	Indefinite	$150,000
Competitive Equality Banking Act of 1987 Section 1003				
Railroad Retirement Act of 1974, as amended: Section 15(i)(2)				

"The Secretary of the Treasury shall, on a monthly basis, credit each account established in the Treasury for the payment of benefits under this Act for the proportionate amount of benefit checks (including interest thereon) drawn on each such Account more than six months previously but not presented for payment and not previously credited to such Account, to the extent provided in advance in appropriation Acts."

Appropriations History Table

Fiscal year	Budget estimate to the Congress	House allowance	Senate allowance	Appropriation
1992	$400,000	$400,000	$400,000	$400,000
1993	$100,000	$100,000	$100,000	$100,000 a/
1994	$300,000	$300,000	$300,000	$300,000
1995	$300,000	$300,000	$300,000	$300,000
1996	$300,000	$300,000	$300,000	$300,000
1997	$300,000	$300,000	$300,000	$300,000
1998	$ 50,000	$ 50,000	$ 50,000	$ 50,000
1999	$150,000	$150,000	$150,000	$150,000
2000	$150,000	$150,000	$150,000	$150,000
2001	$150,000			

a/ Available only for fiscal year 1993; amounts appropriated in other years available for 2 years.

Federal Payments to the Railroad Retirement Accounts
(Appropriations for Uncashed Checks)

Amounts Available for Obligation

	Fiscal year 1999 actual	Fiscal year 2000 estimate	Fiscal year 2001 estimate
Appropriation	$150,000	$150,000	$150,000
Plus:			
Unobligated balance, start of year	50,000	80,000	110,000
Subtotal	$200,000	$230,000	$260,000
Less:			
Transfer to other accounts (Dual Benefits Payments Account)	4,000	5,000	5,000
Unobligated balance, end of year	80,000	110,000	140,000
Total obligations	$116,000	$115,000	$115,000

Explanation of 2001 Request

Prior to enactment of Section 417 of the Railroad Retirement Solvency Act of 1983, amounts for uncashed benefit checks were not credited to the Railroad Retirement Accounts. Section 417 provided a two-part process for recovering unnegotiated benefit check amounts. The first part, represented by the 1985 appropriation request, was a catch-up mechanism to credit the accounts with the amount of all uncashed checks issued prior to May 1985, that the Treasury and the RRB could jointly identify from accounting records. The amount agreed upon and appropriated in 1985 was $15 million and was to remain available through September 30, 1986.

The second part of the process went into effect for checks issued on and after May 1, 1985. From that date, on a monthly basis, the Treasury transferred to the account amounts represented by checks drawn 6 months earlier and not presented for payment. These amounts were provided for, in advance, in appropriation acts. For fiscal year 1991 and thereafter, the RRB is to seek appropriation authority only for the interest earned on unnegotiated checks. Under provisions of the Competitive Equality Banking Act of 1987, the principal amount of uncashed railroad retirement checks is to be appropriated to the Treasury, which in turn shall transfer such amounts directly to the appropriate RRB accounts.

The appropriation proposed for fiscal year 2001 provides that funds would be available for 2 years -- or through September 30, 2002.

STRATEGIC MANAGEMENT OF INFORMATION RESOURCES

The Railroad Retirement Board (RRB) has updated its Strategic Information Resources Management (IRM) Plan to cover 1999 through 2004. This plan describes a comprehensive and ambitious program of IRM initiatives and activities for the agency. The agency's Chief Information Officer is leading our efforts to further define the shape and focus of the agency's IRM program as we move through the Year 2000 and into the next century.

We are pleased to report that we have successfully completed our Year 2000 (Y2K) project, which has been the agency's highest priority information systems project for some time. This critical initiative remained on track and was concluded well within our planned schedule. Our efforts on this project began in fiscal year 1996, and required a total of approximately 133 staff years over the 5-year period, consistent with our early estimates of 142 staff years over 5 years. The project included work on both mainframe and microcomputer systems, with most effort centered on mainframe systems. We performed comprehensive future-date test scenarios during the past year to ensure that our systems would continue to perform accurately.

The Railroad Retirement Board also continues to work toward further automation and modernization of its various claims processing systems, and other administrative operations. Automation initiatives in recent years have significantly improved operations and allowed the agency to reduce staffing in key areas. Ongoing and planned projects will further increase and enhance the efficiency and effectiveness of our benefit payment, program administration, and financial management systems. These are briefly described below.

Customer-centered systems: The RRB's key strategy for future systems development is to build our systems around the customer. We intend to enable our customers to conduct their business in the most convenient and effective manner possible. Flexible service delivery alternatives are being developed to achieve this strategy. To support these alternatives, a modern, secure and stable technical infrastructure is required. We have established an Interactive Voice Response (IVR) system to provide specialized toll-free telephone services for both our unemployment and sickness insurance customers and our retirement program customers. We are continuing to explore further opportunities to expand the types of services offered through IVR in the future.

In addition, the RRB maintains a comprehensive and easy-to-use Website, and is exploring Web-based technologies to expand the level of customer service offered through the Internet. In FY 1998, we also began using document imaging technology and a new workflow management system in our unemployment and sickness insurance operations to reduce or eliminate paper-bound processes. Since then, we have expanded the use of this system into the retirement and survivor claims operations, to

provide improved access to customer information at the point of service. We are continuing to expand the system in phases planned over the next three years.

New claims processing systems: With the completion of the Y2K project, we are now positioned to resume development of new automated systems to further streamline claims processing functions. We will focus on those processes that can generate staff savings through further automation. In addition, we will strive to achieve additional improvements in the accuracy and timeliness of benefit payments. We are continuing to work on a major initiative to eliminate paper applications for survivor benefits and to automate much of the adjudicative processes related to awarding those initial benefits. The first phases of the project were implemented during fiscal years 1997 and 1998. Benefits of this initiative include elimination of multiple hand-offs; faster, more accurate payments; and, significantly less paperwork to be processed. Although this project has progressed more slowly than originally planned due to resources spent on the Y2K project, we will be implementing a major new phase in February 2000 involving survivor applications for lump sum death benefits and accrued annuity payments.

We have also begun work on an initiative to automate the processing of cases involving excess earnings and work deduction adjustments in retirement and survivor annuity payments. Our plans involve storing reported earnings information electronically and automatically generating annuity adjustments with a minimum of manual handling. In addition, during fiscal year 2000, we will be developing a new system to automate claims processing where certain "attainment" events, such as attainment of age 62 or 65, affect the payment or status of an annuity.

Legislative amendments: Social security legislation enacted in 1983 affected the age requirements for some railroad retirement benefits beginning in January 2000. Extensive modifications were needed in our retirement and survivor claims systems to incorporate the revised age reduction calculations. We recently completed these changes, which we closely coordinated with the Year 2000 system changes also being implemented during fiscal year 1999.

Information technology investments: Information technology investments will be a critical factor affecting our ability to initiate innovative new processes in the future. The RRB has incorporated an updated Information Technology (IT) Capital Plan as part of its Strategic IRM Plan for 1999 through 2004. These plans are designed to directly support the agency's Strategic Plan, which was developed in accordance with the Government Performance and Results Act (GPRA). As part of the ongoing integrated planning process, we are committed to re-evaluating and annually updating the IT Capital Plan and the Strategic IRM Plan, to ensure proper alignment with the agency's Strategic Plan and full support for the agency's needs.

The RRB's fiscal year 2001 budget currently contains approximately $874,000 to be used for information technology investments. In accordance with our IT Capital Plan, this amount will be used primarily to provide ongoing lease payments for previous IT investments, and to fund the replacement of the oldest segment of our microcomputers, some of which will be over 6 years old at that time. In recent years, desktop computing has become an integral part of our day-to-day work environment, and it is imperative that we continue to invest in up-to-date hardware and software to allow agency staff to function efficiently and effectively.

Our IT Capital Plan also includes numerous investments related to information technology that we would pursue, **if additional funds were available** in the following areas:

❖ **Funding for new technology which has been deferred.** The initiatives in this group represent strategically important automation improvements which rely heavily on the use of new technology.

- ***Document imaging ($303,000).*** This technology is a key component in the RRB's plans for paperless/folderless claims processing. It will support "one and done" service at the initial point of contact with the beneficiary. This multi-year initiative was already begun with fiscal year 1999 funding, and will be continued in fiscal year 2000, although at a reduced level. It is critical that we receive funding for software licenses needed for all employees who will need to send and view document images to do their work.

- ***Customer/event-initiated transaction system ($175,000).*** This is a comprehensive multi-year initiative, designed to link existing RRB application systems and trigger the appropriate automated transaction. Because it will eliminate case handling by multiple employees, it is a key component of the "one and done" strategy. It is also expected to provide payback through staff savings, faster processing times, and more efficient debt recovery. Initially planned to begin in fiscal year 2000 with funding for new technology and possibly contractual assistance, we are currently approaching it using more traditional means due to lack of funding this year.

- ***Integrated application processing system ($175,000).*** This initiative also represents a multi-year development effort. It will improve initial benefit application processing by bringing "one and done" to a large number of retirement and survivor applicants. It will reduce the need for case "handoffs," streamline claims processing, and improve customer satisfaction.

- ***Internet transaction software ($108,000).*** This initiative covers the procurement of Internet-related software tools that will assist in making Web-based transactions easy to understand and use. It relates to others in our automation plans in that it will provide increased access to necessary application systems not only for RRB staff but eventually for the public as well. It is a key ingredient in the RRB's plans for the *Access for Seniors* project.

- ***RUIA Internet claim system ($62,000).*** This initiative would provide unemployment and sickness claimants the ability to file their claims through the Internet, rather than mailing paper forms to an RRB office for manual data entry into the system. It is expected to eliminate delays resulting from the handling and mailing of paper documents. This project will be one of the first needed to comply with the Government Paperwork Elimination Act, because of the relatively high volume of electronic transactions involved.

- ***Real-time availability of calculation data ($154,000).*** This investment would make annuity calculation components immediately available to other systems that require the data in their processing. This would include annuity estimating systems and payment and adjudication systems, among others.

- ***System development tools ($125,000).*** In order for RRB staff to develop new systems that take advantage of new technologies, such as the Internet, it is imperative that they be equipped with the tools needed to do the job. With limited funding in the fiscal year 2000 budget, we will be making only minimal investments in new system development tools this year. By fiscal year 2001, this becomes a more critical need so that we can actually build and deliver the new systems that have been planned.

❖ **Funding to implement Federal mandates.** The following initiatives are needed to ensure our ability to comply with various Federal laws and mandates. In addition, several of the projects listed above are also necessary to ensure compliance with Federal mandates.

- ***Extranet ($100,000).*** An Extranet is a private extension of the Intranet to allow for improved communications and secure transactions with select business partners. The RRB plans to use this technology to receive and process reports from railroad employers regarding compensation and service, return to work, unemployment verification, and other mission-critical information and events. This initiative is related to *Access for Seniors*, a project that has been spearheaded by the National Partnership for the Reinvention of Government. In

addition, its development will help to ensure compliance with the Government Paperwork Elimination Act of 1998. Originally planned for fiscal year 2000, it is being severely curtailed this year, and will need to be fully funded during fiscal year 2001 instead.

- ***Internet security tools ($75,000).*** The passage of the Government Paperwork Elimination Act of 1998 requires the RRB to provide expanded electronic services to the public. Most of these will be Web-enabled systems operating via the Internet and the Extranet. It is absolutely critical that all such electronic transactions can be conducted in a safe, private and secure manner. The funds identified in this item are needed to procure software tools for encryption, digitized signatures, personal identification numbers, and any other recommended measures that are available. This initiative also relates to the *Access for Seniors* project.

- ***Integrated architecture design consulting contract ($100,000).*** This item reflects our plans to acquire contractual assistance in developing the information technology architecture for the RRB. This architecture, which is required by the Clinger-Cohen Act, is needed to guide our long-term direction and strategy for information technology and information management as a whole. We planned to initially engage contractual assistance in this area in fiscal year 2000, shortly after the completion of the Y2K project, but due to funding limitations, we will instead begin research and preparation using in-house resources this year, to the extent possible. Due to the large number of long-range initiatives we have planned, and related technical issues, we believe it will be critical to obtain contractual assistance in this effort by fiscal year 2001.

❖ **Funding to maintain technology infrastructure.** The initiatives below are required to ensure a stable and fully functional infrastructure.

- ***Disk storage ($81,000).*** This item represents an expansion of the RRB's computer disk storage capacity, to allow for an increased volume of electronic data. This investment is an essential component of our plans to make use of centralized backup and storage facilities for all data housed in local area networks.

- ***LAN/Server operations ($150,000).*** These funds are needed to provide upgrades and replacements for local area network hardware and software, to ensure their technological currency. This may include the procurement of updated servers, network operating system software, switches, routers, and other related equipment.

- ***Standard workstation infrastructure ($200,000).*** This is part of the projected ongoing expense of maintaining up-to-date equipment (hardware and software) at the desktops of all RRB employees. With recent improvements in the desktop platform, virtually all RRB staff now rely on current microcomputer technology, including email, Intranet, and office automation, to perform their basic job functions. With the reductions in the fiscal year 2000 budget, we will be approximately one year behind our equipment replacement schedule as we enter fiscal year 2001. The proposed reductions in fiscal year 2001 will further restrict our plans to maintain technical currency, and will require us to attempt to use many desktop computers that will be over 6 years old by that time.

❖ **Funding for development of new systems.** These initiatives represent new systems which will support many of our strategic objectives involving customer service and support.

- ***Customer care support system ($125,000).*** This represents the first year of a multi-year initiative which would provide for development of an integrated call center system that will allow the RRB's customer service representatives to accurately and consistently address any type of public inquiry.

- ***Employer report editing software ($50,000).*** This multi-year initiative would provide for the development of an on-line editing system for railroad employer reports of service and compensation. Currently a manually controlled process, the new system would not only ensure the accuracy and consistency of the reports received, but would also automatically trace for missing or late reports. This initiative is needed to prevent delays and errors that can adversely affect a rail worker's entitlement to benefits.

Clearly, if these very important information technology investments are funded, they will make a major contribution toward our strategic goals and objectives.

Information Technology Strategy and Benefits
Fiscal Year 2001

Capital Element: **Standard Workstation Infrastructure** for Headquarters and Field Service

Fiscal Year 2001 Cost: **$ 500,000**

Agency Strategy and Benefits:

This capital element provides the investment needed to establish and maintain a common framework to support agencywide operations, both throughout headquarters and the field service. It reflects the RRB's strategic intention to maintain standardized equipment profiles based on job functions and business needs. To support our strategy, we have defined specific user profiles for various types of microcomputer workstations, depending on the work requirements of the user. This approach allows for more effective and efficient procurements and controls over desktop equipment.

During fiscal years 1996 through 1999, this capital item included funds to initially equip all types of users with intelligent workstations. This included ensuring that all desktop PCs and peripheral equipment were Y2K-compliant by the end of 1999. We completed this initial investment during 1999 as planned. For fiscal years 2000 and later, this capital element represents a cyclical replacement of desktop microcomputers and software to ensure that RRB staff is adequately equipped to function effectively at their workstations. Due to funding constraints in fiscal year 2000, some funds originally designated for this purpose were not allocated. Therefore, in fiscal year 2001, we will be facing a critical need to replace the oldest segment of microcomputers in the agency, some of which will be over 6 years old at that time.

This capital element also covers the replacement of peripheral support equipment, such as printers, as well as special-purpose PC equipment, such as portable computers and training room equipment.

Capital Element: **Tape Storage**

Fiscal Year 2001 Cost: **$ 146,000**

Agency Strategy and Benefits:

The RRB continues to rely on tape processing for much of its mainframe batch operations, as well as for various data exchanges with external organizations in the Federal, state, and private sectors. In FY 1999, we replaced aging and obsolescent tape drive equipment with new robotic technology for handling and storing tapes. This was necessary due to repetitive problems with faulty tapes or drives interrupting our day-to-day operations. The new configuration involves a "virtual tape server" (VTS) as the center of an integrated tape storage management system. The new system automatically selects and changes tapes as needed, and uses significantly more dense tape cartridges.

The new technology allows for more efficient data storage and lower operating costs. It also freed up space in the data center which is being put to better uses in consolidating and standardizing computer equipment from other areas in the agency (e.g., LAN servers). The VTS was procured through a 3-year operating lease with an optional buyout in the fourth year. This has resulted in cost savings beginning in the first year of procurement, based on recurring staff savings of about 5 full-time equivalent staff.

Upgrading to a more modern tape management system is providing the following benefits:

- accelerating the data transfer rate from the mainframe to the tape storage units,
- significantly reducing the number of manual tape mounts,
- significantly reducing the number of tapes stored in the tape library, and
- reducing the processing time for batch jobs which require the use of magnetic tapes.

Our research has indicated that other facilities using this technology have experienced overall improved performance and significant reductions in actual wall clock times for production jobs using the new system. This will greatly assist the RRB as we continue to increase the number and types of production jobs to be handled in the Data Center overnight.

Capital Element: **Mainframe Processor**

Fiscal Year 2001 Cost: **$ 78,000**

Agency Strategy and Benefits:

In early FY 1999, the RRB replaced the mainframe processor acquired in 1991 with a new processor, an IBM S/390. The specific benefits of this replacement include conversion to CMOS (Complimentary Metal-Oxide Semiconductor) technology, which does not require specialized water-cooling or air conditioning. In general, CMOS processors require less space, lower energy costs, and lower maintenance costs. Space savings are being used to help consolidate other computer equipment (such as LAN servers) from other floors in the headquarters building in order to facilitate coordination and more standardized administration.

We procured the replacement processor through a 3-year operating lease, with an optional buyout in the fourth year.

In replacing the mainframe processor, we also replaced the previous operating system, IBM MVS/ESA, also acquired in 1991, with OS/390. The mainframe operating system supports our nationwide delivery of services as well as our suite of mainframe legacy application programs and databases. This transition ensures that the operating environment is current, viable, and will continue to be supported by the vendor.

Capital Element: **Document Imaging**

Fiscal Year 2001 Cost: **$ 75,000**

Agency Strategy and Benefits:

During FY 1997, the RRB, with contractor assistance, developed a target configuration and representative cost analysis for a new image processing system. The benefits of such a system are to:

- improve service delivery through immediate access to claim information,
- eliminate the need for and expense of paper folders and claim materials, and
- reduce contract costs for claim folders storage and retrieval.

The concept of image processing is to allow claims staff to view certain documentary evidence and materials needed to adjudicate or process a claim through a microcomputer workstation, without having to wait to retrieve a paper claim folder from the central file storage area.

Anticipated benefits of document imaging include:

- reduced contracting costs for transporting paper claim folders,
- elimination of folder movement within the agency,
- improved customer service, and
- simultaneous access to claim folder information by multiple employees.

During FY 1998 and 1999, the RRB completed the first segment of this project, which replaced an older, stand-alone imaging system currently used in the unemployment and sickness insurance processing area.

During FY 1999, the RRB completed a comprehensive cost/benefit analysis for the expansion of the document imaging system to the RRA claims operation. The recommended approach involves the use of imaging and workflow software, using a multi-phase, multi-year implementation. This recommendation was approved by the ADP Steering Committee in March 1999, and the project is currently underway.

With the procurement of the workflow software, which is also being used by the Social Security Administration (SSA), we will automatically control, assign and track pending work assignments. We also expect to be able to establish new interfaces with SSA to better serve customers who deal with both agencies.

Capital Element: **System Development Tools**

Fiscal Year 2001 Cost: **$ 75,000**

Agency Strategy and Benefits:

The RRB will purchase a variety of software and systems development tools to increase programmer/analyst productivity and agency effectiveness. In fiscal years 1996 and 1997, we invested in microcomputer workstations for these employees and acquired new tools for the Year 2000 programming effort. In fiscal year 1998, we limited our investments in this area to one additional software package needed to assist with Year 2000 testing efforts. During fiscal year 1999, our primary investment was a new library control management software product, needed to replace a system that was not Y2K-compliant, and did not provide full functionality for database systems and commercial software. In the future, with the completion of the Y2K effort, we must invest in new software tools to support the agency's long-range plans for automation.

In FY 2000 and 2001, we expect to be expanding our PC-based capabilities in the systems development and user areas to analyze, revise and test existing legacy systems. With so many recent changes in technology, new, improved PC-based tools are now available to assist programmers in revising, adapting and maintaining legacy applications to function better in the current environment. In addition, we need to acquire additional tools to more fully equip the programming staff with broader based productivity enhancement tools and with tools to build new systems for Internet/Intranet-based transactions and other advanced capabilities to better serve our customers and streamline our work processes.

Taken as a whole, the new tools and software planned under this capital element will enhance programmer productivity, improve the efficiency and effectiveness of the system development life cycle, and help to streamline business processes throughout the agency. Funding constraints in fiscal years 2000 and 2001 have severely restricted our ability to procure new development tools as planned. If additional funds can be identified during this period, we will increase our investment in this area.

In fiscal year 2001, this capital element includes only $33,000 for new system development tools. It also includes $42,000 for an annual lease payment for the new library control management software which we acquired during the Y2K project.

RAILROAD RETIREMENT BOARD

Summary Report on Estimated Obligations for Achieving Year 2000 Computer Compliance

	FY 1998	FY 1999	FY 2000
1. Equipment			
A. Capital purchases[1]	$1,592,948	$1,007,956	$9,333
B. Other equipment purchases/leases	0	0	0
Subtotal	$1,592,948	$1,007,956	$9,333
2. Software			
A. Capital purchases	$49,690	$48,624	$24,990
B. Other equipment purchases/leases	0	0	0
Subtotal	$49,690	$48,624	$24,990
3. Services	$0	$0	$0
4. Support services	$221,486	$266,303	$80,631
5. Supplies	$0	$0	$0
6. Personnel (compensation/benefits)[2]	$3,306,277	$3,499,334	$597,478
7. Intra-governmental payments	$0	$0	$0
8. Intra-governmental collections	$0	$0	$0
9. Total obligations	$5,170,401	$4,822,217	$712,432
10. Workyears (FTEs)	46.00	45.00	7.00

[1] This includes the purchase of microcomputers and related software needed to ensure Year 2000-compliant desktop workstations for all employees.

[2] This reflects the direct cost of this project. It does not include indirect costs of overhead and managerial support.

Summary of Full-Time Equivalent Employment a/

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Executive Level III	1.0	1.0	1.0
Executive Level IV	2.0	2.0	2.0
Subtotal	3.0	3.0	3.0
ES-6	0.0	0.0	0.0
ES-5	1.0	1.0	1.0
ES-4	7.0	7.5	7.0
ES-3	2.0	1.0	1.0
ES-2	0.0	0.0	0.0
ES-1	0.0	0.0	0.0
Subtotal	10.0	9.5	9.0
GS/GM-15	33.8	33.0	33.0
GS/GM-14	56.0	44.0	43.0
GS/GM-13	89.0	94.0	94.0
GS-12	282.2	274.0	272.0
GS-11	153.6	142.0	139.0
GS-10	145.8	146.0	144.0
GS-9	178.6	181.0	183.0
GS-8	50.4	43.0	42.0
GS-7	52.9	53.0	47.0
GS-6	32.6	28.0	27.0
GS-5	46.4	43.0	40.0
GS-4	26.4	23.5	20.0
GS-3	11.6	9.0	8.0
GS-2	0.0	0.0	0.0
Subtotal	1159.3	1113.5	1092.0
Wage Board	11.0	10.0	8.0
Total	1183.3	1136.0	1112.0

Notes: a/ Positions in the Office of Inspector General are excluded. Figures shown for 1999 represent FTE's being utilized as of September 30, 1999, not the total FTE's used in 1999.

AVERAGE ES LEVELS, GS/GM GRADES, AND SALARIES

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Average ES Level	3.9	4.0	4.0
Average ES Salary	$125,356	$130,143	$130,140
Average GS/GM Grade	10.3	10.3	10.4
Average GS/GM Salary	$51,002	$53,865	$56,020

These figures include all employees (permanent, temporary, part-time, and full-time) with the exclusion of the employees in the Office of Inspector General and wage board employees. Salaries used in the computation of the averages are based upon annual salaries for full-time employment.

Railroad Retirement Board
Employee Relocation Expenses

	Past Year FY 1999	Current Year FY 2000	Budget Year FY 2001
Total	$76,500	$38,600	$38,600

TUESDAY, MARCH 28, 2000.

CORPORATION FOR PUBLIC BROADCASTING

WITNESS

ROBERT T. COONROD, PRESIDENT AND CEO, CORPORATION FOR PUBLIC BROADCASTING

INTRODUCTION OF WITNESS

Mr. PORTER. The subcommittee will come to order. We continue our hearings on the fiscal year 2001 appropriations with the Corporation for Public Broadcasting and we are pleased to welcome this afternoon, Mr. Coonrod. Mr. Coonrod, it is good to see you. Why don't you proceed with your statement and then we will have some easy questions.

OPENING STATEMENT

Mr. COONROD. If they are as easy as the last 2 years, Mr. Chairman, it will be interesting. Thank you. I have submitted testimony for the record, but if I can make a few brief opening comments, I would like to take this opportunity to congratulate you on the 20 years that you served in Congress and the 6 years that you led this subcommittee. From your first day as chairman, you provided thoughtful and conscientious leadership to spur us in public broadcasting to improve and better our practices. We have taken your leadership seriously and responded with important and fundamental changes in public broadcasting, and we appreciate the work of the subcommittee to secure funding for CPB year after year. We are especially grateful for your strong support and enduring commitment to public broadcasting.

CPB BUDGET REQUEST

Last year, Congress funded CPB at $350 million, for fiscal year 2002. This year we are seeking an appropriation of $365 million for fiscal year 2003. That $15 million increase would largely be distributed to public television and radio stations through the television and radio community service grants. At the same time, Mr. Chairman, we are seeking $20 million in fiscal year 2001 to assist in the conversion of public broadcasting to digital technology, as mandated by the Federal Communications Commission. This money would be used primarily to support digital program development, production and distribution.

OVERLAP MARKETS

As this is my last opportunity to testify before you as chairman, I would like to take this opportunity to review the progress we made during your tenure. Over the last 6 years, public radio and

television have innovated and improved. They have improved their operations through technology and programming. First in television, we have developed, adopted and have now fully implemented, a one-base-grant-per-market policy, which responds directly to the questions you raised in 1995 about overlap markets.

FUTURE FUNDS

In 18 overlap markets, 44 public television stations that in the past had received full base grants now share a single base grant with other stations in the same market whose broadcast signals overlap significantly. More importantly, the majority of these stations are now engaged in collaborative efforts that have reduced redundant operations and freed valuable resources to better serve their communities. We also created two new programs, one for television and one for radio: the Future Funds. They involve initiatives designed to improve community service, more efficiently raise revenues and reduce operating overhead. In Illinois, CPB has funded the creation of a statewide organization that will consolidate stations' underwriting activities and lower the net cost of donations.

Over the past 5 years, television and radio future fund projects have either saved or raised $7 for every $1 invested. A further improvement to our radio and television grant programs is renewed emphasis on support for rural and minority stations. Both the television community service grant and the radio community service grant programs have recently been rewritten to direct a higher percentage of resources to stations in greatest need of economic support. Programming has also been enhanced over the last 6 years. We have expanded our education services. We are developing new and innovative worldwide Web applications, expanding new satellite services and demonstrating the potential of interactivity.

Mr. Chairman, if I can leave you with a single impression, it is simply this: The 400-plus licensees who receive support through CPB are no longer just radio and television stations. They are using all forms of media to provide educational and informational services to communities across the country.

MINORITY PROGRAMMING

One of CPB's long-standing commitments has been funding programs for minority and diverse audiences. We are continuing to provide critical support to the national minority programming consortia, and we have established a new program grant for diverse initiatives. In public radio, historically more than 60 percent of CPB radio program funds have supported independent or diverse productions. CPB also funds nearly 60 minority-owned stations, a Spanish language satellite service and a satellite service for Native Americans. As I mentioned earlier, Mr. Chairman, we are requesting that this subcommittee provide $20 million to CPB in 2001 to assist in the conversion to digital technology. With more channel space available, as many as four more channels per station, public broadcasters will be well positioned to offer educational services for all audiences ranging from preschoolers to senior citizens all at the same time.

DIGITAL CONVERSION

As of February of this year, 27 states had already committed nearly $211 million for their local stations digital conversion efforts. The total funds raised by State and local governments and from private sources for the digital conversion so far exceeds $300 million. With your continued support and the critical support of State legislatures, local viewers and listeners, public broadcasting will be able to meet the FCC mandate to convert to digital broadcasting. And in a world of mergers and consolidations where media content may be controlled by a handful of telecommunications conglomerates, we believe that public television and radio will continue to meet the public's interest in locally operated, publicly owned, noncommercial educational and informational programming sources.

CONCLUSION

So in conclusion, I would like to say we thank the committee and this Congress for providing funding for digital broadcasting in the last two appropriations cycles, and on behalf of public broadcasting, I would like to thank you and the subcommittee for your leadership and support over the years.

[The information follows:]

Testimony
presented to the
House Appropriations Subcommittee on Labor, Health and Human Services,
Education & Related Agencies
by
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March 28, 2000

Mr. Chairman, good afternoon. I would first like to take the opportunity to congratulate you on the 20 years that you have served in Congress and the six years that you have led this Subcommittee.

From the first day of your tenure as Chairman, you have provided thoughtful and conscientious leadership to spur us at CPB to improve and better our practices. We have taken that leadership seriously and have responded with important and fundamental changes in public broadcasting. In turn, the level of our annual appropriation has reflected Congressional and public recognition of those efforts. We sincerely appreciate the work of this Subcommittee to secure funding for CPB year after year, even in the face of difficult budget constraints. Mr. Chairman, we are especially grateful for your strong support and enduring commitment to public broadcasting. You will be missed by all of us in public broadcasting.

CPB Request

Last year, Congress funded CPB at $350 million for FY 2002. This year, we are asking the Subcommittee to fund CPB at a regular appropriation of $365 million for FY 2003. The $15 million increase would largely be distributed to public television and radio stations through the Television and Radio Community Service Grants (CSGs). Program producers would benefit, as well. The increase would provide an additional $2.5 million for television program production, which has exploding costs in a number of areas. An additional $234,000 would be provided to national radio program producers, which would enable them to produce more than 30 additional hours of national radio programming.

At the same time, CPB is seeking $20 million in FY 2001 to assist in the conversion of public broadcasting to digital technology, as mandated by the Federal Communications Commission (FCC). This money would be used primarily to support digital program development, production, and distribution.

Accomplishments

As this is my final testimony before you, I'd like to take this opportunity to review the progress that this Subcommittee and we, in public broadcasting, have accomplished together over the past six years. Public radio and television have innovated and improved in many different aspects including operations, technology, programming, and service over the last six years.

First, in television, we have developed, adopted, and have now fully implemented a one base-grant per market policy. In 18 markets, 44 public television stations that in the past had received full base grants, now share a single base grant with other stations in the same market whose broadcast signals overlap significantly. More importantly, the majority of these stations are now engaged in a variety of collaborative efforts that have

reduced duplicative operations and freed valuable resources so that these stations are now better able to serve their communities.

As the name implies, the base grant is provided in support of basic broadcast operations. Public television stations also receive from CPB an incentive grant that matches non-Federal funds raised from other sources in the community, including individual members, private foundations, and corporations. CPB reduced the base grant in 1996, increasing the funds available through the incentive program in order to place greater emphasis on rewarding stations that provide valued services to their communities. CPB also adopted a policy whereby stations with revenues above $55 million no longer qualify for a base grant.

To further assist all stations in increasing their service to the community, we created two new programs, one for television and one for radio, which we call the Future Funds. The Future Funds are used to invest in critical new initiatives that help stations improve and increase their services and better operate in the future.

Recent Television Future Fund projects include a project to convert an extensive archive of instructional video and classroom materials developed by KCPT-TV in Kansas City to digital-streaming format for delivery to schools in Kansas and Missouri via the Internet. KCPT-TV is an early adopter of digital broadcasting and a leading partner in local student and teacher training efforts. KCPT's pilot project is but one of many projects that public television stations are engaged in to take advantage of the educational potential of digital technology. Another Future Fund project currently underway would partner public television stations with more than 150 universities around the country, which plan to make use of the next generation Internet II for a variety of digital educational applications.

Other Future Fund projects involve initiatives designed to more efficiently raise revenues and reduce operating overhead. Many such efforts involve large-scale collaboratives of public stations across an entire state or region. In Illinois, for instance, CPB funded the creation of a statewide organization that will consolidate stations' underwriting activities. Similar projects in New England, Florida, Indiana, Texas, and in five other Southern states are focused on fundraising partnerships, joint programming, engineering, and scheduling operations. These kinds of efforts, which were the exception in public broadcasting five years ago, are now commonplace today, in large measure as a result of the Television Future Fund.

Radio Future Funds, too, have increased station revenues. The Development Exchange, Incorporated (DEI)/Direct project is designed to increase net revenue for public radio stations by making a state of the art, centralized, Web-based database available to public radio stations. In Alaska, a joint venture between the Alaska Public Radio Network and Alaska One, a public television cooperative, is providing unified

leadership, coordination, administrative, and technical support to Alaska's local public broadcasting institutions.

The Radio Future Fund has also provided support for technological innovations. A project with National Public Radio (NPR) will help the network define new online and satellite audiences and develop new programming concepts. Public Radio International (PRI) is using Future Funds to begin partnerships with producers and stations to provide content for satellite radio and online initiatives. *Radio Bilingüe*, a Spanish language network, will utilize funding from the Radio Future Fund to assist in its negotiation for space on one or both of the emerging direct broadcast satellites.

Over the past five years, Television and Radio Future Fund projects have either saved or raised seven dollars for every dollar invested. These savings and increased revenues have allowed public broadcasters to continue to provide the kind of innovative, high-quality programming that continues to distinguish public broadcasting from other non-commercial and commercial broadcasting, despite our many funding challenges and rapidly rising costs.

A further improvement to our radio and television grant programs is a renewed emphasis on support for rural and minority stations. Both the Television Community Service Grant and the Radio Community Service Grant programs have recently been rewritten to direct a higher percentage of resources to stations in the greatest need of economic support.

Programming has also been enhanced over the last six years through expansion of our educational services. Public television, since its inception, has built a reputation of providing excellent children's educational programming from *Sesame Street* to *Zoom* to *Mister Rogers' Neighborhood*. That tradition continues with the new program *Dragon Tales* and our newest program *Between the Lions* scheduled to premier next week.

What is less known is the wealth of adult education services available at no cost over the air and on the Internet. For example, PBS, through its Adult Learning Service is operating a cooperative program in 41 states through which people are able to earn a college degree. For those seeking a high school degree, GED-ON-TV is widely available too. Since 1975, over 2 million adults have earned a GED certificate through public television. In more recent years, efforts in this area have expanded even more. Nebraska Public Television's program known as CLASS (Communication, Learning, and Assessment in a Student-Centered System) is seeking to make an entire accredited high school diploma sequence—40 courses or 200 Carnegie units—available online. Public broadcasters are doing an excellent job adapting the Internet for educational uses.

Because of public broadcasting's longstanding reputation for excellence in educational programming, Ambassador Walter H. Annenberg has chosen to partner with CPB. The

Annenberg/CPB Channel was launched in October 1996, with a significant investment from Walter H. Annenberg. CPB has recently committed $5 million over the next 5 years to expand the curriculum from math and science instruction to history, literature, and other K-12th grade subjects.

The Channel, which is operated in partnership with Harvard University and the Smithsonian Institution, provides teacher training free of charge in 22 million homes and 45,000 schools across the nation, and is growing at a rate of 1,000 new schools and 500,000 homes per month. As evidenced by the 1.5 million visitors to its Web site every month, Annenberg/CPB is filling a critical need among teachers across the country.

Another Web-based programming initiative, based on the popular children's program, *Arthur*, is reaching an exciting new computer literate population. The *Arthur* Web site receives 500,000 visitors per month, with each visitor spending an average of 24 minutes on the kinds of educational activities that will eventually be available to everyone who owns a television. Increasingly, programs for adults have Web site components that are important for different reasons. The program, *An American Love Story*, which focused on an interracial marriage, evoked deep responses from viewers. The companion Web site provided a clearinghouse for information on interracial marriage and an outlet for viewers to express their views and opinions.

CPB has a long-standing commitment to funding programs for minority and diverse audiences. We are continuing to provide critical support to the five multicultural groups known collectively as the National Minority Programming Consortia (National Asian-American Telecommunications Association; Native American Public Telecommunications, Inc.; National Black Programming Consortium; Pacific Islanders in Communications; and Latino Public Broadcasting). We are also continuing to support the Independent Television Service (ITVS), which funded the previously mentioned *An American Love Story*, cited by *Time* magazine as one of the 10 best television shows in 1999. Our general program fund supports a variety of minority and diverse projects, as well. Taken altogether, we estimate that this year as much as 35% of CPB television programming funds will be spent on minority programming.

In public radio, historically more than 60% of CPB Radio Program Funds have supported independent or diverse productions. CPB also funds nearly 60 minority-owned stations, a Spanish language satellite service, and a satellite service for Native Americans. *Satelite Radio Bilingüe* broadcasts news, information, and cultural programming in Spanish and provides public radio stations with a daily stream of Spanish-language programs. CPB also provides funding to American Indian Radio on Satellite (AIROS), a national distribution system for Native American programming to tribal communities. These efforts have paid off. In 10 years, the public radio listenership among minorities has doubled.

As evidenced from all of the efforts and initiatives that have taken place over the past six years, CPB has made significant progress in reshaping public broadcasting from within the industry and improving our services that reach out to the millions of people who tune into public broadcasting stations across the country every day.

Challenges and the Future

All of this leads inevitably to a look at the coming of the digital age. We are requesting that this Subcommittee provide $20 million to CPB in FY 2001 to assist in the conversion to digital technology. Despite all of public broadcasting's new reforms and policies, and our progress toward consolidation and greater efficiency, public broadcasters must be prepared to face new challenges that lay ahead in the future. Although technologies will inevitably change, our commitment to offer excellent and diverse educational and informational content remains. Expanding telecommunications services will only serve to enhance the value of the content we distribute.

Public broadcasting's record of technological innovation in the spirit of public service is long and distinguished. As we begin a new century, we will continue to be a leader in putting technology to work for the benefit of all Americans. There has been much excitement over the prospect that, eventually, consumers will be able to interact with television rather than just passively watch it. Public broadcasters are excited about the educational possibilities digital television creates. With more channel space available (as many as four more channels per station) public broadcasters will be well-positioned to offer a wide-range of educational programming that will serve audiences ranging from preschoolers to senior citizens, all at the same time.

In addition, the effect of new technology on special needs populations will be dramatic. Last year, CPB funded a digitally enhanced prototype of the children's show *Arthur*. It assists audiences with hearing impairments through either full captioning or a presentation of dialog in American Sign Language (ASL). By simply clicking a button, a viewer can hear the entire program in Spanish. The program is also designed to accommodate individuals who have visual impairments. It provides aural prompts and instructions to assist in navigating through the program.

While public broadcasters embrace the opportunities of digital technology, we also recognize that costs for all broadcasters are expected to rise faster than inflation and at a rate much faster than the savings and revenues public broadcasting's improved operations will generate. Booz-Allen & Hamilton, one of the leading management experts in the fields of broadcasting, cable, and licensing, projects that five years from now public broadcasting revenues will be $179 million below the rate needed to keep pace with rising costs. This does not include the $1.8 billion cost of conversion to digital.

In order to meet our mandate to convert to digital, public broadcasters must raise significant amounts of money from a variety of sources, in addition to the federal government. Fourteen public television stations are broadcasting a digital signal now, but much remains to be done. As of February 2000, 27 states promised $210.9 million for their local stations digital conversion efforts. A federal investment in public television stations' digital conversion is critical to public broadcasters being able to purchase the basic equipment and programming needed to transmit a digital signal.

Inevitably, the costs of this technology will become more affordable for consumers. While digital television receivers remain too expensive today to achieve appreciable consumer adoption, computer cards and lower cost set-top boxes that can receive digital broadcast signals are now available, at prices as low as several hundred dollars.

With your continued support, and the critical support of state legislators, local viewers and listeners, public broadcasting will be able to meet the FCC mandate to convert to digital broadcasting. In a world of mergers and consolidations where media content may be controlled by a handful of telecommunications conglomerates, we believe public television and public radio will continue to meet the public's interest in locally-operated, publicly-owned non-commercial educational and informational programming. It is now more important than ever before that the American people have easy access to the services offered by public broadcasters.

As stated in our enabling legislation:

> It furthers the general welfare to encourage public telecommunications services which will be responsive to the interests of people both in particular localities and throughout the United States, which will constitute an expression of diversity and excellence, and which will constitute a source of alternative telecommunications services for all the citizens of the Nation.[1]

We thank this Subcommittee and this Congress for providing funding for digital broadcasting transition in the last two appropriations cycles.

On behalf of public broadcasting, I would like to thank you, Mr. Chairman and the Subcommittee, for your leadership and support of public broadcasting.

[1] 47 U.S.C. 396, Communications Act of 1934, as amended.

RADIO AND TELEVISION LICENSEES

Mr. PORTER. Thank you, Mr. Coonrod. Of your 400 licensees, how many fall in radio and how many in TV?

Mr. COONROD. There are 176 TV licensees and the others are radio.

Mr. PORTER. 400 and——

Mr. COONROD. There are 350 roughly.

Mr. PORTER. 350 radio and 176 TV?

Mr. COONROD. That's correct.

FCC DIGITAL CONVERSION

Mr. PORTER. Is the mandate of the FCC in the same time frame for radio and TV?

Mr. COONROD. It is not. The mandate from the FCC for television is specific. The conversion is to be completed by 2003. In radio there is as yet no mandate. There are a couple of digital conversion plans under consideration and the FCC has not reached a decision on which one it will choose.

CPB FISCAL YEAR 2000 BUDGET

Mr. PORTER. How much is your budget this year? How much are you spending this year?

Mr. COONROD. For fiscal year 2000 we have $300 million.

Mr. PORTER. How much of that is granted to radio and how much to television?

Mr. COONROD. By formula, 25 percent goes to radio and 75 percent goes to television.

Mr. PORTER. So 75, and 25 to television. But you have costs and programming and the like, you just allocate it that way?

Mr. COONROD. No. By law, we allocate up to 5 percent for administrative purposes. 6 percent is for essentially supplied services, and the rest is allocated 75/25 to television and radio stations and producers.

RADIO DIGITAL CONVERSION

Mr. PORTER. Now, how many of the large radio stations, commercial stations, have already converted to digital, any?

Mr. COONROD. For large commercial radio stations, none is broadcasting in digital. It is fairly common to have digital studio equipment but nobody is actually broadcasting in digital.

Mr. PORTER. Since probably most people listen to the radio in their cars, there are no cars equipped yet with digital receivers, are there?

Mr. COONROD. Not in this country. That's right.

Mr. PORTER. So radio conversion is a little way off. TV, there is some conversions having been accomplished to digital equipment. Is there anybody broadcasting digitally?

TELEVISION DIGITAL CONVERSION

Mr. COONROD. There are 14 public television stations that are broadcasting digitally at low power, and a number of commercial stations.

Mr. PORTER. To whom do they broadcast? Is anyone buying digital TVs or conversion equipment in any way?

Mr. COONROD. Right now there are a limited number of televisions. You can buy a digital television. The market is very small for digital televisions. There is in production, and soon to be marketed by the end of the year, a converter box that will allow you to receive digital television on your analog television sets. So for something less than $200, you will receive a digital signal. You will get a slightly enhanced picture from what you get now. If it is a multi-cast situation, you will be able to multiplex. The other thing, Mr. Chairman, there is a card which you can put into your PC, your home computer which also allows you to receive digital television. One of the early sort of ways in which we think digital will roll out will be to the computer for educational purposes.

Mr. PORTER. Tell me the advantage to the consumer of digital broadcasts? It is a higher resolution picture and what else?

Mr. COONROD. It is a significantly higher resolution picture. Even a standard definition television picture is far superior to the regular National Television Systems Committee (NTSC) picture. A high definition picture is even better.

In addition, it allows the broadcasters to multiplex the signal so where you now have one signal or one channel, you could have at least four channels. It is very easy to—in digital, to send opportunistic data along with the video so you can enhance the program. By enhancing the program, we would describe it as providing additional information that you can receive on your television set. All digital television sets and set top boxes will have the capability to receive this additional data. For example, it can be more information about the subject on the program that is being broadcast.

RADIO DIGITAL BROADCAST

Mr. PORTER. What about radio, what is the advantage to the consumer of a digital broadcast in radio?

Mr. COONROD. Since there is no standard established yet, we can only say with certainty that radio will have CD quality sound. If the system that is now being favored is adopted, which is the in-band, on-channel system, if that is adopted by the FCC, the ancillary benefits will be minimal. There will be some ability to send some data, but primarily it will be an improvement in sound. The flip side of that is that it will be forward-and-backward compatible, which means that you will be able to receive a digital radio signal on your analog radio so you won't have to buy a new set. And it will be on the same frequency that it is currently on. So if that is the approach that is taken by the FCC, the in-band, on-channel, it will be a more robust signal, much better sound and real convenience to the consumer.

DIGITAL CONVERSION FUNDING

Mr. PORTER. Now, going to the bottom line, and you and I have discussed this, if you look at a station like WETA in Washington, or WTTW in Chicago, these broadcasters, telecasters are doing very well and probably have the resources even without any help from anyone to convert to digital. They can raise the money. Is that a fair assumption in most cases? And that the ones that really need

the help are the smaller rural stations or the ones that are in connection with some small college or something like that?

Mr. COONROD. It is certainly the case that the smaller stations, those below a certain revenue level, need the help more. The cost of digital conversion is not contingent on the size. A tower is a tower, a transmitter is a transmitter. So as a percentage of their revenue, it is a much larger percentage for the smaller stations.

Mr. PORTER. You don't have an authorization for this yet, so you don't know necessarily how it will be directed to be distributed, but it is possible that Congress would say in the authorization it is going to go to the smaller stations and not very much to the bigger stations or very little. Is that true?

Mr. COONROD. That's possible, sure.

Mr. PORTER. This is my final question. If you have a small station that can't afford this conversion easily, and they are going to have four channels where they had one, aren't these channels worth something in terms of future revenues by which they might pay back the costs of the digital conversion? In other words, if the authorizers said let's have a loan program and you pay us back from a period of years from the additional revenues from having additional channels, wouldn't that be a workable way of getting Congress to authorize?

See, I am worried about the authorization. I can provide you funds, but I can't do it without an authorization, and I am trying to get a way where the authorizers can see the net cost is maybe very low or even nothing.

Mr. COONROD. Mr. Chairman, we have analyzed that set of circumstances. There are a couple of issues that it raises, which make me wonder whether it could work. One of the issues is that we don't yet know what the revenue generating potential of the additional spectrum would be. In other words, it is a hypothetical value. So we can't monetize it. That is one thing.

The other thing is that it is not clear yet what the FCC ruling on the supplementary and ancillary uses of the spectrum will be, so we would be operating on the assumption of the existence of additional revenue opportunities before the FCC were to rule on that.

And the third area that has caused us some concern as we looked at it, as we have projected the gap between revenues and expenses going out to the year 2004 and beyond, we look at roughly a $180 million gap between revenues and expenses. If we were to have a loan program, it would increase that gap so that even if it were an interest-free loan, there would still be an additional expense that stations would have to bear so that the gap between revenue and expenses would widen even further. And, therefore, it looks to us if it is possible to use that spectrum for revenue-generating purposes, that it would be better to look at using that to offset operating costs rather than capital costs.

DIGITAL CONVERSION AUTHORIZATION

Mr. PORTER. Can you tell us where you are in terms of an authorization for digital conversion, where you think you are?

Mr. COONROD. We are eternally optimistic, Mr. Chairman. There was a bipartisan bill that was introduced in the House. We haven't had any formal action on it yet; but we are also working with the

authorizers in the Senate to see if we can get something started in the Senate. Perhaps simply an authorization for the digital portion of the funding.

Mr. PORTER. The only thing that could happen to a station if they didn't convert, according to the FCC mandate, is that they could lose their license, correct?

Mr. COONROD. That's correct.

Mr. PORTER. There is no other sanction there? You know, I am looking at 2003, and I am looking at the market and I don't see a lot happening at this point. It could happen very fast, I recognize that. But there is a lot of thought out there that 2003 may be adjusted given the market realities.

Mr. COONROD. There has been considerable talk about that, Mr. Chairman. But the FCC, at this point, has given no indication that it is considering changing the deadline, and there has been no formal action taken by Congress to do that. So right now we are working under a hard-and-fast deadline.

Mr. PORTER. Except the authorizers aren't.

Ms. Lowey.

ANNENBERG/CPB CHANNEL

Mrs. LOWEY. Thank you very much, Mr. Chairman. Welcome Mr. Coonrod. I haven't had a chance to speak with you again and congratulate you all on your work. As I am reading through your testimony, I see all of the educational work that you do. The work with the Annenberg Foundation is very exciting, and with all of the focus today on instruction for teachers, for other people in the education profession, it seems to me that you are certainly leading the way, and I would appreciate if you could give us more detail about the Annenberg CPB channel teaching program. You indicate in your testimony that the program is growing very rapidly. I would be interested in knowing how you get your teachers involved, how are schools reacting to this training. Are they working with you?

Mr. COONROD. Yes, I would be happy to give you more information. I can provide, for the record, a full accounting of the work of the channel.

[The information follows:]

Annenberg/CPB Channel
Update April 2000

Channel Programming

The Annenberg/CPB Channel is a free satellite channel for schools, colleges, and other community organizations. It runs 24 hours per day, 7 days per week, and airs the video programs funded by Annenberg/CPB. It is available free to any educational or community agency with a Ku-band satellite dish and a satellite receiver called a DigiCipher II.

There are primarily three kinds of programs on the Channel: we call them workshops, libraries, and series. Annenberg/CPB workshops bring teachers, educational leaders, and public figures together for professional development in the humanities, math, and science. Annenberg/CPB video libraries allow viewers to watch the learning process in real, unrehearsed classrooms around the country. Annenberg/CPB series in subjects across the curriculum appeal to educators and the general public alike, and offer direct instruction exploring every facet of the world we live in.

New programming appearing during 2000 includes *In Search of the Novel* (workshop), *Looking at Learning Again, Part 2* (workshop), *Private Universe Project in Mathematics* (workshop), *A Biography of America* (series), *The Missing Link* (workshop), and *Teaching High School Science* (library).

Reach

As of April 2000, nearly 45,000 schools and over 25 million homes have access to the Channel.

Our reach is measured by licenses sent to the Channel offices by the licensees. These licenses are free.

How the Channel Reaches End Users through PTV and PEG Stations

Many licensees of the Channel are educational institutions or districts that use the Channel internally. Other licensees are telecommunication entities which redistribute the Channel to their own audiences; we refer to these licensees as "intermediary carriers." Among these intermediary carriers are public broadcasting stations and PEG ("public, educational, and government") cable channels.

As of April 2000, some 39 public broadcasting stations, including 8 state public broadcasting networks, and 69 PEG channels have licensed the Annenberg/CPB Channel for redistribution to their audiences.

Public broadcasting use of the Annenberg/CPB Channel varies widely from market to market. Some stations rebroadcast the entire Channel (or large blocks of it); some record only certain programs at the request of local educators. Stations are also using a variety of technology to distribute the Channel. SCETV in South Carolina downlinks our signal, puts it back up on their own satellite transponder and beams it directly to every school in the state; KCTS in Seattle switches blocks of the Channel through on one of its digital broadcast channels; KLVX in Las Vegas distributes channel programming throughout the state via ITFS; and WOUB in Athens, Ohio switches the entire Channel through on a cable channel.

Public Television Stations Using the Annenberg/CPB Channel
January 2000

We have 39 PTV stations using the Channel, including 8 state networks, as follows:

PTV Stations

KAET, Phoenix (ASSET)
KCTA, Minneapolis, MN
KCPT, Kansas City, MO
KCTS, Seattle, WA
KETC, St. Louis, MO (License held by Higher Education Network)
KLRU, Austin, TX
KLRN, San Antonio, TX
KLVX, Las Vegas, NV
KNPB, Reno, NV
KOCE, Huntington Beach, CA
KPBS, San Diego, CA
KUHT, Houston, TX
KULC, Salt Lake City, UT
KWSU, Pullman, WA
WBGU, Bowling Green, OH
WBRA, Roanoke, VA
WCET, Cincinnati, OH
WDCN, Nashville, TN
WIPB, Muncie, IN
WTIU, Bloomington, IN
WFYI, Indianapolis, IN
WLAE, New Orleans, LA
WLRN, Miami, FL
WNEO/WNEA, Kent, OH
WNIN, Evansville, IN
WNYE, Brooklyn, NY

WOUB, Athens, OH

WPBA, Atlanta, GA

WPTD, WPTO, Dayton, OH

Rocky Mountain PBS, Denver, CO
(and a separate license from KRMJ, Grand Junction, CO)

State Networks

Oregon PTV

South Carolina ETV

AETN (Arkansas)

Alabama ETV

Mississippi ETV's EdNet

Idaho PTV

North Dakota PTV

Vermont ETV

The kinds of PTV use vary widely: from switching through to the public the entire Channel (or large blocks of it), to recording only certain programs at the request of educators in their markets. Stations are also using a variety of technology to distribute the Channel. SCETV in South Carolina downlinks our signal, puts it back up on their own satellite transponder and beams it directly to every school in the state; KCTS in Seattle switches blocks of the Channel through on one of its digital broadcast channels; KLVX in Las Vegas distributes channel programming throughout the state via ITFS; and WOUB in Athens, Ohio switches the Channel through on a cable channel.

Mr. COONROD. Let me start by saying that one of the reasons that the Annenberg Foundation chose to partner with Public Broadcasting was because of Public Broadcasting's history of providing education services to communities around the country.

The channel starts from a basic premise that the biggest education challenge that the Nation faces is training teachers. And we started off 2 years ago with a math science channel that PBS distributed 6 hours a day, 4 days a week and the response was so positive CPB, PBS, and the Annenberg Foundation, thought that it made a lot of sense to expand it to a full-time service so that the teachers would have access to it not just during classroom hours or school, but also have access to it at home and that it would cover the range of disciplines, not just math and science.

The channel has essentially two parts. One focuses on the pedagogy, what you need to do to become a good teacher; these are basically workshops, and there is a companion Web site, learner.org, where the teachers can engage in dialogue among themselves after they view the workshop on television. The second part of the channel is content. What are the things that a math teacher needs to know to teach math or a history teacher so both of those elements are part of the basic channel service.

It is expanding quickly. About a thousand schools a week are licensing it. The license is free. It comes at no cost. That was a prerequisite from Walter Annenberg—that it be a free service. But about a thousand schools a week are licensing it. A number of public television stations already transmit it even before digital. We see it as a digital multicast service, but before digital has come on the scene, a number of public television stations are broadcasting it, some do it on local PEG channels or local ITFS services, which are their exclusively educational services. It is easily downlinkable by school systems. It is being promoted primarily through the educational organizations, the teacher organizations which are partners in developing the content. So we see this as a partnership with the education community.

And it is a kind of a service that speaks directly to a national need, has national distribution because of the ability of public television to distribute it nationally, but it can also be tailored to meet the local needs, so if standards are different in one State than another, it can be locally tailored to take account of those different standards.

Mrs. LOWEY. You mention it grows at a rate of 1,000 schools, 500 new homes per month. Is it directed at elementary school, high school, a combination of all?

Mr. COONROD. It is K through 12. While we say it is K–12, so far the focus has been sort of 4th grade to 9th grade, although, as we build it out, it will be a full K–12 service.

Mrs. LOWEY. Is it providing lesson plans and methodology?

Mr. COONROD. There are no lesson plans as part of the basic channel. However, either through the learner.org service or companion services, lesson plans are available to the teachers. For example, a number of stations are digitizing their instructional television material and they are linking them to the local standards, so you can go to, for example, KCPT in Kansas City, through their Web site, you can get video materials. So a teacher has available

in addition to the kind of pedagogical information available through the Annenberg channel, material that the teacher can use in the classroom.

Now, our challenge is to fuse these things in a way that they become seamless to educators. Right now there are a series of complementary initiatives. But what we need to do is put them together in a way that a teacher goes to one source and can key into the array of services that are available. That is the next phase in this operation.

PBS ADULT LEARNING SERVICE

Mrs. LOWEY. Clearly I know that I am particularly interested in this, and look forward to continuing the dialogue. I also want to ask you to discuss further the adult learning service which you said was available in 41 states. Do the PBS affiliates wait for the schools, universities, and colleges to approach them about this program or do you reach out? Is the Nebraska model being adopted by other states? Could you tell us more about this?

Mr. COONROD. It is, to use the phrase, it is a proactive effort. The stations reach out and use this as a way of signaling their value in their communities and as a way of providing an additional community service. The Nebraska model I wouldn't say is—I would say it is a model in the sense that it has all of the elements that we look for in a service, and it is one, therefore, that we highlighted in the testimony. Others are looking to emulate the Nebraska model, but there are others out there that are—I want to say just as good. By that I mean given the places where they are working, they work as effectively as the Nebraska model. One of the great things about public television is that the local stations are able to provide services that make sense in their communities. A rural State has kind of a whole different set of requirements than a State that has both urban areas and rural areas. So while the Nebraska model is an excellent one, it isn't always appropriate for some states.

Mrs. LOWEY. Thank you. I heard the bell and I look forward to continuing our discussions about this, particularly the Annenberg CPB partnership.

Mr. COONROD. We are pleased that it is a continuing partnership. It has been going for about 10 years, but we have entered into a new phase, and we look forward to a long-term relationship with the foundation.

Mrs. LOWEY. Thank you.

Mr. PORTER. Mr. Wicker.

DIGITAL CONVERSION

Mr. WICKER. Thank you, Mr. Chairman. Mr. Coonrod, we are delighted to have you here with us today. Let me follow-up on a couple of questions that the chairman asked about digital conversion. I noticed that one of our stations in Mississippi is one of the first to convert.

Mr. COONROD. Jackson.

Mr. WICKER. Do I understand you to say that there is a FCC mandate that you move very quickly but not necessarily a congres-

sional mandate? Is that the gist of your conversation between the chairman?

Mr. COONROD. That is the gist of the conversation. The FCC has set the time line for digital conversion.

Mr. WICKER. And do I understand also that converting rapidly to digital radio gets us almost nowhere at this point because there is hardly anybody who—that can receive a digital signal?

Mr. COONROD. Well, there is no standard. No standard has been adopted in radio yet. So it would be premature to convert to digital radio until the standard has been adopted.

Mr. WICKER. So the $20 million that you are requesting in 2001, is that all for television?

Mr. COONROD. As part of the total package of $450 million of which $95 million would come through the Corporation for Public Broadcasting and the remainder would come through the Public Telecommunications Facilities Program. Of the total $450 million, $60 million is for radio and $390 million is for television.

Mr. WICKER. So this just gets us started?

Mr. COONROD. Our sense is that it is about 25 percent of the total conversion cost.

Mr. WICKER. Just looking down the road, when do you think total—according to your plans, when do you think total conversion can be accomplished or will be accomplished?

Mr. COONROD. In order for a station——

Mr. WICKER. If you had your druthers.

Mr. COONROD. In order for stations to maintain their broadcast licenses, they must convert to digital, and by that, I mean provide a pass through capability by 2003. We are going to work to help stations do that one way or another.

As I mentioned earlier, 27 states have already committed funding for this, and there are local capital campaigns, local fund-raising efforts.

I guess I would say, in response to your question, is if the 2003 mandate were not there we would be following a different timetable but we would still be working vigorously to make the conversion to digital because of the potential that digital offers for enhancing service going forward. So the particular road that we are on is one that was determined by the FCC requirement, but, in fact, it is a road that we would like to travel in any case.

Mr. WICKER. Well, it just seems to me that the chairman, this may be $20 million we could save this year if Congress—if the jurisdictional authorizing committees are not ready to move, perhaps we could work with the FCC and decide that this is money that we could save and spend at a later time. What would you say to that? There is really not that much impact out there for the consumer for early conversion?

Mr. COONROD. I guess there are two parts to the answer. In terms of the consumer acceptance and consumer use of digital, the sooner the consumers have an opportunity to experience digital television, the more quickly the actual conversion will take place. Therefore, the more quickly the costs will come down because as we know, the more sets that a manufacturer produces, the lower the unit cost. So there is that question from a consumer side. From

the planning side, it is important to consider what it takes to make the digital conversion.

And there is a time line that needs to be taken into consideration. There are a limited number of broadcast engineers who can construct broadcast towers, and you have to get in the queue in order to get your tower or you have to order a transmitter. With all of the stations making the conversion in a relatively short period of time, they have to get their orders in and get at the head of queue. So the sooner we get the funding, the better position we are in getting the orders in. I would add one of the things that we are better able to do, too, is aggregate the orders which would provide for group purchases, and therefore have some reduction in cost overall.

PUBLIC TELEVISION VIEWERSHIP

Mr. WICKER. Thank you very much. Mr. President, what is your overall market share, your Nielsen share for people who watch public television?

Mr. COONROD. The way to sort of make a general statement about that is the average is about a 2 share.

Mr. WICKER. That is 2 percent?

Mr. COONROD. That's correct.

Mr. WICKER. Of your viewers that are watching at any given time, how many are watching on cable and how many of them are watching over the air?

Mr. COONROD. It is hard to generalize because cable penetration rates vary from location to location, from city to city. One of the things we can say as a general statement, the viewership of households that regularly watch public television tend to have a lower rate of cable penetration than households that do not regularly watch public television, but that is a gross generalization because it really works out market by market. In some markets the cable penetration is over 70 percent, and in some it is below 60 percent.

[The information follows:]

According to Nielsen statistics from December 1999, for all households, 70% of the national sample have cable and 99% receive PBS. Specifically, in households with less than $20,000 income, cable penetration was only 59% versus PBS's 97%. In rural areas, 55% had cable but 95% received PBS. Among unskilled-worker households, 65% had cable while 98% received PBS. Finally, among minority households, 62% of Hispanic origin homes and 65% of African American households had cable, compared with PBS penetration of 98% and 99%, respectively.

Mr. WICKER. Well, I wish that you could, for the record, be more specific if you could find that information, because you may have been here in 1995 when we had very serious testimony about doing away with public television entirely, and one of the arguments that were being made on behalf of public television, this is something that a lot of people watch that don't have any other stations to watch. They are watching their public television stations. I will like to know where we are on that.

Mr. COONROD. There has been a dramatic erosion in viewership of commercial television. The erosion in viewership of public television has been very small. While all of the competition has come out there from cable and from other sources, public television has

held its own in that competitive environment, whereas commercial viewership has diminished by over 60 percent.

Mr. WICKER. Commercial over-the-air viewership?

Mr. COONROD. Whether over the air or on cable. So if you look at it in terms of viewer loyalty, the public television viewer is extremely loyal.

Mr. WICKER. Please follow-up on the record. Thank you.

Mr. PORTER. Thank you, Mr. Wicker. Ms. Pelosi.

Ms. PELOSI. Thank you, Mr. Chairman.

President Coonrod, congratulations to you on your excellent work and on the wonderful Corporation for Public Broadcasting that you are here justifying the budget for today. CPB has many fans in the Congress and in the country and nothing demonstrated that more clearly than when the Corporation for Public Broadcasting came under siege a number of years ago and the people of our country rose up to demonstrate their support. Over the years I have had questions recognizing the excellence of what you do, but some questions about funding for multicultural programming and audience building for minority productions, and of course, the questions about digital have been important to all of us. Especially in light of the plan to retrain and develop minority producers. That will be the focus of my questions.

LOW POWER RADIO

But first I wanted to ask you, because it was in the news yesterday about the FCC moving forward on issuing low power FM licenses in radio, and I thought we could have the benefit of your wisdom on that subject. The article in the New York City Times indicates that National Public Radio (NPR) may be opposed to this, and knowing that you share the value of more participation and outreach, et cetera, I wonder if you can elaborate on that.

Mr. COONROD. We are on the horns of a dilemma when it comes to the low power FM question. Certainly, the goals that are represented in the low power FM decision that the FCC made are ones that we share. We see it potentially as very complementary to the work that we are doing in public radio and the work that we have done to expand the reach of public radio.

However, there are some technical issues that need to be resolved. And in the absence of that resolution, we continue to have reservations about it. To give you one example, about a million people a day listen to the radio reading service which is carried on a subcarrier by public radio stations. These are people who are visually impaired. We would really want to have assurances that those kinds of services would not receive interference from a new station that was licensed under the low power FM regime.

With those kinds of assurances, I think we could embrace the notion of low power FM, but there are some questions that need to be worked through in a regulatory way before we can be enthusiastic about it.

Ms. PELOSI. So this is a mechanical technological question that you have, other than that you accept it?

Mr. COONROD. Yes. It is a question of interference. For example, another kind of issue, in rural areas, most of the coverage is through translators, and there is nothing in the FCC order which

protects those translators, so that means that at least potentially, the reach of a public radio station in Wyoming, for example, where public radio is very important, the reach of that public radio station could be adversely affected by a new low power station which would have a smaller coverage area. A low power station may have a coverage area of only 2 or 3 miles, whereas it would interfere with a translator which would be covering hundreds of miles. Those are the kinds of equities that need to be balanced as we go forward.

Ms. PELOSI. I appreciate your elaboration on that. The broadcasters are very much opposed to this. I hope for the same reasons, a question of interference and not about competition or for these audiences. So I am just hoping that that is the case. As comfort to them, you have these questions as well, and of course your name will be used in this discussion. I am a big believer in science and technology overcoming the difficulties that are there.

Mr. COONROD. It is our sense that these are issues that can be surmounted if all of the parties can talk about them in the right spirit. But speaking on behalf of an organization that represents broadcasters, I will say that interference is a real issue and by eliminating the third adjacency for broadcasts in the FM band, you do raise questions that ought to be resolved before going forward, or at least have a regime in place to deal with them effectively if they do come up.

INDEPENDENT TELEVISION SERVICE

Ms. PELOSI. Please talk for a moment about the independent producers. A few of us sent you a letter which I have here for the record, and last year you educated this committee and the authorizing committee about the Independent Television Service's (ITVS) significant contribution to diverse programming for public television, and you said PBS merited funding increases. While funding increased slightly in fiscal year 2000, it is far below the 1995 peak level. Please tell us what the status is of ongoing talks with ITVS to establish higher baseline funding which some members of Congress consider justified?

Mr. COONROD. We have established a higher baseline funding for the administrative expenses. We have increased those by about 10 percent. Where we are working now is on the programming side, and what we have done is we have put aside $3.8 million in a special fund earmarked for diverse programming. As you know, in addition to the ITVS, we also support the work of the five national minority consortia—and we have also provided additional administrative support for the five consortia.

It is our view that maintaining new programming money in a central pot and dispensing it in a competitive way is the best way to assure that it will go for excellent projects that have a high probability of being broadcast on public television. In any given year, one organization may have a better project than another. We recognize there is not enough money to go around. But that in this environment, it is important to encourage competition.

And so we are setting the money aside for diverse programming, we would expect that the ITVS and the minority consortia would compete effectively for it. We believe it is better to do it that way

than to simply increase the baseline funding available for each organization because the amount that would be possible, given the important constituents that we serve, would not aggregate to the level that we think would be significant. So that is part of what we are doing.

PRODUCERS ACADEMY

We are also in cooperation with PBS working on something called the Producers Academy, which would be an opportunity for established producers to provide internships or assistantships for younger producers from the minority and ethnic communities as a way of developing their expertise and their ability to actually be competitive in programming. That complements the work that we are doing with what we call the digital road shows, which are a series of meetings that we have around the country where we invite producers in to learn about the new technology, to exchange ideas with producers who have successfully developed projects around digital.

So the combination of the digital road shows and the Producers Academy we believe is going to provide real opportunities as we move into the digital realm.

The other thing I would say finally is that in the regular general program fund that CPB has available, a significant portion of that fund is awarded on a competitive basis for diverse programming. About 35 percent of all of our program dollars goes in these areas.

Ms. PELOSI. I appreciate that, President Coonrod. My time has expired, but since my next question was about the minority consortia——

Mr. HOYER. I yield.

Ms. PELOSI. Thank you, but he already answered that.

Mr. PORTER. Thank you, Ms. Pelosi.

Mr. Hoyer.

Mr. HOYER. Thank you. I apologize for not hearing your full testimony. I have been across the hall where they have a hearing going on there as well.

DIGITAL DIVIDE

I just have one question, and you may have spoken to it. Obviously the digital divide is of great concern to everybody. We are all focused on trying to make hardware available to everybody so they can participate in the electronic age in which we are now living.

I wanted to ask you—not only do we want to make hardware, but content to speak to everybody as well. When you broadcast in digital, what kind of content will you be providing that speaks to a broad audience?

Mr. COONROD. I think that public broadcasting can make a real contribution to bridging that digital divide. Part of it is the hardware which would provide the opportunities, but it is really more about the content.

One of the things that public television stations have been constrained by is the technology. So I would focus on two areas. One in the educational realm, making sure that the kinds of programs that help people use technology better are available at the same

time as those kinds of programs that public television is already noted for.

The Ready-To-Learn Service. We know that the Ready-To-Learn Service does have a demonstrable effect in helping kids get ready for school. At the same time, during that same time period in a digital environment, we could be providing remedial instruction for people who wanted to have a better feel for how to use technology. There are a couple of projects underway now that are aimed primarily at teachers because they are Web-based. But in a digital environment where you can use a broadcast-based service which would be free of charge and universally available, those same programs or those same techniques could be made available to the general public.

So we have those same kinds of educational applications. Public television is the best source of diverse programming. And part of what we look at when we look at the digital divide is the kind of cultural divide that we also see. It isn't just around the technology. But as we understand ourselves better as a Nation and if we can tell good stories that all of us can relate to, we bridge that divide in additional ways, and public television is very good at doing that.

One of the things that the research shows, is that one reason that members of certain minority groups do not use technology is because they don't think that there is anything in the technology that is relevant to their experience and interest. That is where public television can play an important role.

Mr. HOYER. I think clearly in an environment in which we are living, this is going to play an extraordinarily powerful role in the creation of our future community. And the kind of community we have and the kind of relationships that we have in the community and the kind of democracy we have in many respects.

Mr. COONROD. One of the things that we look a lot at is the changing demographics. As you move down the generational ladder, the ethnic and cultural diversity of the population changes dramatically, so that the younger audiences, which are audiences that are important to address, are more ethnically and culturally diverse. So the programming has to be relevant to their experience. And that is why I think we see this as one of those exciting opportunities. It is one I think we will play an important role in contributing to bridging that divide.

Mr. HOYER. I agree with you. Not only do we need to find ways to communicate that are relevant, but we need to find ways to communicate and educate and unify, if you will. I don't mean homogenize, but I mean unify. That is one of our challenges. As our country becomes more diverse, we want to maintain the unity that has made us strong, and this is one way that is going to be accomplished. Television has been, in many respects, the most powerful communication device yet known, and it has unifying aspects to it of a very substantial proportion, and I think this will follow onto that.

Mr. COONROD. I certainly hope so.

One of the sort of principles that we are trying to use when developing our initiatives is to look at programming that is by or about members of ethnic minorities, and is programming for all

Americans so that they can help build those bridges and provide the unity that you are talking about.

Mr. HOYER. Thank you. When you say in your statement that this is the last time testifying before you, the "you" refers to Mr. Porter, you expect to be back, but you don't expect Mr. Porter to be back, is that how I interpret that?

Mr. COONROD. He said something publicly. I am just reacting to what he said publicly.

Mr. HOYER. That is a very artful answer.

Mr. COONROD. I expect to be back.

Mr. HOYER. Thank you, Mr. Chairman.

DIGITAL CONVERSION

Mr. PORTER. Going back to digital conversion, when you say that—on TV, you will be able to go from one channel now to four in the same amount of spectrum, how exactly would a station use the additional channels? In other words, would you have to have two receivers, one receiving the primary message and the other being their data? How exactly—would the screen be split? What would the additional channel work like together with the primary channel?

Mr. COONROD. The answer to all of that is yes. Maybe if I can just break it down, one would be a multicast situation where what you get, in effect, was a menu and you would choose from channel A, B, C or D, and it would be a regular television program, but it would be a better quality signal but it would be a regular television program.

Mr. PORTER. But you would have four choices instead of one?

Mr. COONROD. During the day you could have a Ready-To-Learn Service for preschoolers, you could have instructional television, something ready to be used in the classroom, you could have the how-to programs, and what we are seeing increasingly for some audiences is to run the prime time schedule during the day so people who can't watch it at night can watch it during the day, especially for senior citizens. So you have those four services and you would pick the one that you wished to use. That is one approach.

Another approach and one that we think has a lot of potential and have done a lot of experiment with is enhanced television. Along with the program that you were getting, additional data would be sent up opportunistically would be sent down and received on your set top box or by your television set so that you could further pursue some aspect of the show, and there would be a little icon that would show up on the screen that would say for more information click here. So you would, in effect, suspend the program, you would stop watching the program, you would get this additional data which may be biographical information about one of the characters.

Mr. PORTER. How would you get that data?

Mr. COONROD. On the screen.

Mr. PORTER. So you would lose the one picture and have another one?

Mr. COONROD. There are two possibilities. One you could do a picture within a picture. The other is if you wanted to use full screen, you could freeze the television program and then go back

and watch it linearly later on. Both of those things would be possible. Which kind of technology will actually role out is a little bit speculative at this point. There are already boxes that are for sale which provide some version of that service for National Television Systems Committee (NTSC) signals.

Mr. PORTER. Going to the cost, the total conversion cost is $450 million, as I understand it?

Mr. COONROD. The total conversion would be about $1.8 billion.

Mr. PORTER. The Federal portion is $450 million?

Mr. COONROD. Yes.

Mr. PORTER. How much of that is equipment conversion and how much is program production and development?

Mr. COONROD. The way that we have broken this out is that there are essentially three ingredients. One is hardware for local transmission. The other is providing of local service and the other is national distribution.

The amounts of money that would be appropriated to the Public Telecommunications Facilities Program (PTFP) would be used primarily for the hardware for the transmitter, the studio to transmitter links and the master control, those things that would be necessary to get a signal out to the public. The money that would come through this committee, the——

Mr. PORTER. How much of that is PTFP money then?

Mr. COONROD. That is what the PTFP money would go for.

Mr. PORTER. How much of that 450?

Mr. COONROD. 450 minus 95.

Mr. PORTER. So 355. The 95——

Mr. COONROD. The 95 would be used for local service and to make sure that there is the national distribution, that there is a digital national distribution system in place so that digital programming could actually be provided to the stations.

Mr. PORTER. The production and development of programming would be most of the 95?

Mr. COONROD. I guess the answer to that would be it depends. If we could get all of the money—if it were predictable when we would get the money, the time frame when we would get the money, it would be easier to answer that question. But because this is the third year of the request, and so far we have not gotten any of that money and as we see things changing, what we are going to have to do is apply whatever funds we do get to the most urgent needs. For example, every station is going to have to have an emergency capability. That is a local service. That is an essential local service. How far along that will be when this money comes is not clear. But certainly we would hope to be able to allocate a significant portion of this money for program production.

Mr. PORTER. How much money is spent now this year on program production and development?

Mr. COONROD. Nationally?

Mr. PORTER. By CPB?

Mr. COONROD. By CPB about a little over $50 million.

Mr. PORTER. The question arises then, why do you need additional money for digital program development, production and development when obviously if everybody is converted to digital, you

are not going to do any more analog program production and development, you are going to use your regular funds for that?

In other words, is this money for conversion to this type of programming a one-time thing and why would it be any different than the money that you are using right now for production?

Mr. COONROD. The primary use of the money, the TV programming dollars available through CPB is to develop new national programming. The money that we are seeking here would be for providing local services. So it would be to position stations to be able to provide local programming and local services. Now some of that would go toward equipment purchases, but some of it would also go for establishing the training, the expertise and the other things so that a station could be in a position to take advantage of the new technology that will be available. So we are talking about programming in that sense. In other words——

Mr. PORTER. In other words it is identical to the previous question where you said there may be a number of different ways of using this technology, but these stations wouldn't necessarily know how, and they need to have some kind of a national program to show them that and—in other words, it isn't just for the programming, it is for—I'm not sure what you mean.

Mr. COONROD. It is for the ability to—to develop the ability to develop this programming locally. In the absence of this additional appropriation, a station would not be able to fully take advantage of the digital technology. All the station would be able to do is pass through a signal that came from a central source. So the local nature of public television, which is such an important part of its reason for being, the local nature of public television would be compromised.

The quality of the programming that came from a central source might be excellent quality, but it wouldn't have any of the local education service, those kinds of services would not be possible because——

Mr. PORTER. They have local educational services now.

Mr. COONROD. They do now, but because they don't have the appropriate equipment to provide those services in digital or they may not have developed the expertise in order to produce those services in digital. If I can go back to the illustration of the emergency alert service, right now every station provides an emergency alert in times of crisis or tornado or anything else. That is an essential local service.

With the conversion to digital, the station will still have to be able to provide that service. There is nothing in the PTFP set up that makes that possible, so the stations have to find their ability to deliver that local service from the funds that would be available from CPB, for example.

Mr. PORTER. What I would like you to do, for the record, would you provide in detail how you arrived at the $95 million figure and exactly what it would get?

[The information follows:]

Federal funding for public broadcasting digital conversion is intended to cover a portion of the actual cost of conversion. Public broadcasters estimate the total cost of conversion to be $1.8 billion. $450 million represents 25% of that total. Within the $450 million, about 80% is reserved for basic transmission equipment needs to be administered through the Public Telecommunications and Facilities Program of

the United States Department of Commerce. About 20% of the total federal contribution is designated to CPB to facilitate, from a national perspective, program distribution, production and development.

Within the broad categories of digital program distribution, production and development are needs that far exceed the $95 million being requested through CPB. CPB, in consultation with stations, is continually evaluating these needs and planning for the best uses of digital funding, once funding becomes available for distribution. Over the course of the three years that we have advocated for these funds, the basic needs have not changed but circumstances and priorities are regularly reviewed. In considering the uses of funds for 2002 and 2003, we recognize that future events may elevate certain needs above others, leading to adjustments in priorities.

Based on current circumstances, if $20 million for digital funds were approved and available today for distribution prior to the end of the fiscal year, our priorities would be to secure needed digital distribution master control and interconnection facilities at PBS and fund some basic research and development of new content with applications across media platforms. Fully building out PBS' digital program distribution capacity is critical to future digital broadcast capability. Individual station conversion to digital transmission is of little value if the main national programming arm of public television is unable to transmit digital programming. Program development funds may be used for pilot projects to develop digital technology applications that meet our public service broadcast needs and extend the educational benefits of programming to encompass the entire range of alternative platforms.

To the extend that the initial $20 million would allow, CPB is prepared to provide a limited amount of financial support to encourage innovation and efficiencies among stations in the construction of digital facilities critical to digital program production and distribution.

An additional priority is to ensure universal service where such service may be in doubt. In those rare cases in which financial hardship threatens public television's universal reach, and PTFP funds cannot address the matter, CPB is prepared to use digital funds appropriated to us to ensure universal service. This is a critical program distribution issue, the scope of which may be knowable in part in 2001, and more fully in 2002 and 2003.

Finally, again considering the use of funds beyond 2001, CPB recognizes that stations must purchase emergency activation system (EAS) equipment for their digital transmitters and that funds for these FCC mandated devices is not provided for through the PTFP program. EAS, if implemented nationally through the PBS system, would become part of the interconnection distribution system. Potential benefits to the system of a centralized EAS include efficiency, cost savings and uniformity. If additional funds are provided beyond 2001, CPB will work with all interested parties to address these needs.

Mr. COONROD. Yes. I would like to do it two ways. One based on having the money all at once, and another having the money in sequence, so much per year.

Mr. PORTER. You probably can assume so much per year. Mr. Coonrod, thank you very much. You are doing a fine job. We are trying to provide funding—I'm sorry, Mr. Wicker.

Mr. WICKER. I wonder if I can ask another couple of questions.

Mr. PORTER. Certainly.

PUBLIC BROADCASTING FUNDING SOURCES

Mr. WICKER. Mr. President, let me ask you, does CPB receive any funds other than from the Federal Government?

Mr. COONROD. It does. It receives about $9 million a year annually from the Annenberg Foundation. But that money is not allocated according to the congressionally established formula.

Mr. WICKER. So it is those two sources?

Mr. COONROD. Primarily.

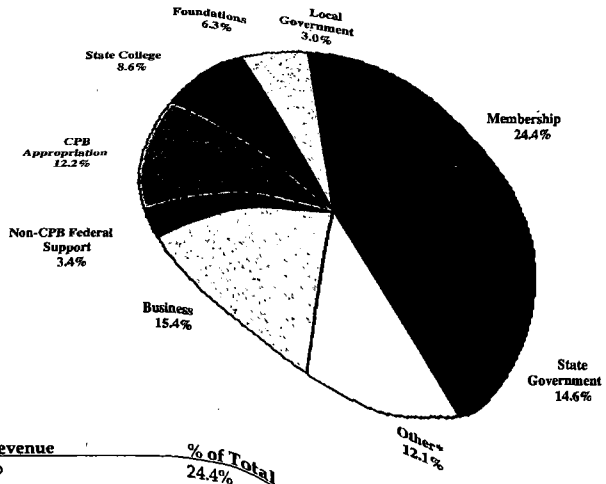
Mr. WICKER. With regard to public broadcasting in general, what is the funding mix out there?

Mr. COONROD. The funding mix for public broadcasting, in this last year, CPB provided about 12 to 13 percent of the total revenue for public broadcasting. The other sources of revenue include State

and local governments, local membership. The largest single source of funding is membership, 25 percent, these are the people who contribute voluntarily. There is corporate underwriting, and of university sources because a number of public radio and television stations are licensed to universities. So there are a variety of funding sources.

Mr. WICKER. If you would supply that breakdown for the record.

Public Broadcasting Revenue by Source, Fiscal Year 1998
Total Revenue: $2.04 Billion



Source of Revenue	% of Total	TV & Radio
Membership	24.4%	498,215,000
State Government	14.6%	298,169,000
Business	15.4%	314,872,000
CPB Appropriation	12.2%	250,000,000
State Colleges	8.6%	176,407,000
Foundations	6.3%	127,638,000
Local Government	3.0%	61,452,000
Non-CPB Federal Support	3.4%	69,533,000
Other*	12.1%	244,817,000
Total Reportable Revenue	**100.0%**	**2,041,103,000**
Total NFFS	**84.3%**	**1,721,569,000**
Total Federal Revenue	15.7%	319,534,000
Total Nonfederal Revenue	84.3%	1,721,569,000
Tax-Based Revenue	43.1%	*879,244,000*
Non-Tax-Bases Revenue	56.9%	1,161,859,000

*Other includes revenue from auctions, private colleges, other public colleges, and others.

Mr. COONROD. Sure.

PUBLIC TELEVISION LICENSEES

Mr. WICKER. You mentioned in your testimony and in the submission to the committee, you mentioned a type of programming that I would call academic or classroom, whether it is direct teaching or teaching people how to teach, and then, of course, as we know, there is the nonacademic type of broadcasting, and here I am talking about television. Can you give me a breakdown of how much of our television broadcasting and public television nationwide is what I call academic or classroom and how much is other?

[The information follows:]

Airing educational or academic programming is the primary mission of university licensees, and in many instances, state licensees. Local authority licensees focus less on educational programming and more on community service and outreach. A breakdown of public television licensee by type is provided below.

One hundred and thirty one public television stations carry the PBS Adult Learning Service. Through the PBS Adult Learning Service, public television stations team with local colleges and universities to air instructional programming. The public television station in Jackson, Mississippi, WMPN, Channel 29, broadcasts academic programs from the PBS Adult Learning Service. The programs distributed by the PBS Adult Learning Service are frequently the basis for distance education courses.

Thirty-one public television stations and eight state networks, including Mississippi ETV's EdNet, carry the Annenberg/CPB Channel. The Annenberg/CPB Channel provides professional teacher training courses in math, science, and other subject areas. The Annenberg/CPB Channel is available, free of charge, to classrooms and communities across the country 24 hours per day, 7 days per week. Three types of programs are available on the Channel: workshops, libraries, and series. Nearly 45,000 schools and over 25 million homes have access to the Channel.

The following comprise the 177 licensees in public television:

Community	89
University	60
Local Authority	7
State	21
Total TV	177

Mr. COONROD. I can supply it for the record. I can give you a general answer now.

Mr. WICKER. Okay.

Mr. COONROD. It is actually a very interesting question. I don't want to take a lot of time here, but public television grew out of two sources, one was educational television and one was community television. The educational broadcasters tend to have, as their primary mission, providing educational services. So a State network in Arkansas or Alabama or Mississippi, provides a large amount of educational programming, to use your phrase, academic programming, as part of its basic service. It also provides the other kind of educational programming as part of its general public service. Other stations that grew up in a different tradition, more of community service do less of the academic programming and more of the other type. We have that breakdown. We can provide it to you by station or aggregate it.

PROGRAMMING

Mr. WICKER. Both. One final question. My family can be at home watching public broadcasting in Mississippi and if we miss Quorum on Mississippi ETV, we have a chance to watch it on a commercial

station three or four days later. How much—and you may not be able to tell me this, but I hope you can tell me this on the record, how much of the programming of that sort that is done by public broadcasting is also duplicated on commercial stations?

Mr. COONROD. I can make a general statement.

Mr. WICKER. All right.

Mr. COONROD. The programming that you see on public television is available exclusively on public television for some period of time. Part of what we do and part of what PBS does when it secures the rights to a show, it secures the rights for that show for 4 or 6 years.

Once that licensing has expired, those programs can migrate to commercial television. And in fact, one of the things that public television has done over the years has been to provide a source of quality programming for commercial television. But, with one exception maybe, which is the science guide which was a joint project between public television and Disney, the programs that are available on public television are available on public television exclusively for some period of time, depending on what the terms of the license were.

What you do see is a lot of programming that was established as programming that was of interest to a public television audience is now available in a third run or fourth run on cable television. That is, for example, A&E does the old mystery series so you can see those kinds of programs.

Mr. WICKER. But if I am seeing that on public television, I am not seeing new programming, that is what you are saying?

Mr. COONROD. That's correct.

Mr. WICKER. Thank you, Mr. Chairman.

Mr. PORTER. Is Ken Burns doing anything with CPB or any of your other stations?

Mr. COONROD. There is a new series that is currently in development, and I am not sure when it is scheduled to premier. It is a multi-part series on jazz. It was part of the trilogy of Civil War, baseball and jazz.

Mr. PORTER. Thank you. The subcommittee will stand briefly in recess.

[Recess.]

[The following questions were submitted to be answered for the record:]

DIGITAL FUNDING

Mr. Porter: Please describe in how you arrived at the requested figure of $95 million for digital conversion and what specifically the funding would be used for.

Mr. Coonrod: Federal funding for public broadcasting digital conversion is intended to cover a portion of the actual cost of conversion. Public broadcasters estimate the total cost of conversion to be $1.8 billion. $450 million represents 25% of that total. Within the $450 million, about 80% is reserved for basic transmission equipment needs to be administered through the Public Telecommunications and Facilities Program (PTFP) of the United States Department of Commerce. About 20% of the total federal contribution is designated to CPB to facilitate, from a national perspective, program distribution, production, and development.

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provide a limited amount of financial support to encourage innovation and efficiencies among stations in the construction of digital facilities critical to digital program production and distribution.

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"READY TO LEARN TV" FUNDING

Mr. Porter: In fiscal year 2000, Congress appropriated $16 million for the Ready to Learn TV program. I understand the Administration is requesting an additional $16 million for this program in FY 2001.

Can you tell us how the $16 million in FY 2000 funds is planned to be spent? How would you plan to spend the $16 million in requested FY 2001 funds?

Mr. Coonrod: PBS, with the assistance of CPB, is currently in the process of preparing, for submission to the Department of Education, a proposal detailing the proposed uses of Ready To Learn funds over the next five years. The five-year RTL grant to CPB expires at the end of the 1999 fiscal year (which, for RTL, ends on May 14, 2000), and the Department has just announced a competition to award a second five-year grant. We expect the Department to make an award this summer.

The details of how the FY 2000 and FY 2001 funds would be used are currently in development and will necessarily be responsive to the specific items of the RFP. PBS is consulting with various groups and experts to ensure that the next funding cycle builds on the strong foundation built during the first cycle. Ideas that are being developed include expanding

Spanish language translations, developing a parents site on PBS.ORG, developing digital television demonstrations, and building on existing relationships with other early childhood organizations. PBS intends to build on the two new series, *Between the Lions* and *Dragon Tales*, with outreach and research.

TEACHER RETENTION

Mr. Porter: Mr. Coonrod, approximately 40% of all new teachers leave the profession within 5 years. Your budget justification highlights several initiatives that CPB is undertaking to enhance professional development for teachers to hopefully turn this trend around. One of these is the Annenberg/CPB Channel that makes available, free of charge, a variety of math and science professional development resources.

Can you talk about how this effort differs from other math and science professional development programs operated by the U.S. Department of Education, such as the Eisenhower program?

Mr. Coonrod: Both the Eisenhower program and the Annenberg/CPB program offer professional development opportunities for teachers. The Eisenhower program is a federal program, which provides funds to state and local education agencies, while the Annenberg/CPB program has been developed primarily through the private support of Ambassador Walter H. Annenberg, with CPB recently committing $5 million per year to expand the teacher training curriculum. The Annenberg/CPB Channel has worked closely with the Eisenhower Program, sharing ideas and information about upcoming projects and events. In fact, the Eisenhower Program often uses Annenberg/CPB materials for their projects. Both programs offer professional development in the core academic subjects, with an emphasis on math and science.

To increase teacher retention, Annenberg/CPB carries out its mission by producing educational video programs with coordinated Web and print materials for K-12 teachers who want to increase their knowledge and expertise in their fields and learn how to improve their teaching methods. Because it is able to offer professional development that is available free via satellite, 24 hours a day, 7 days a week, the Annenberg/CPB Channel is uniquely accessible. The Annenberg/CPB digital television service, is received by more than 45,000 schools throughout the nation, as well as 22 million homes, and its audiences grow by over 1,000 schools and 50,000 homes per month. In addition, the Annenberg/CPB Web site currently receives about 1.5 million visits per month.

Mr. Porter: How do your professional development initiatives that are focused on math and science coordinate with the Telecommunications Project for Mathematics administered by PBS?

> Mr. Coonrod: In consideration of the reauthorization of the Elementary and Secondary Education act, which includes the Telecommunications Project for Mathematics, CPB has been working with PBS and with the Secretary of Education to develop the Telecommunications Project for Mathematics into a program that is able to incorporate the strengths of the Annenberg/CPB Channel. The proposal has received bipartisan support and is currently part of the bills being considered in both the House and Senate.

READY TO LEARN TV

Mr. Porter: One of the activities that is funded under the Ready To Learn TV program is called "First Book." This program essentially provides free children's books to local public television stations.

How does this program coordinate with the Reading is Fundamental program, which also provides free children's books?

> Mr. Coonrod: First Book and RIF are distinct entities with similar missions. PBS works with both organizations to expand the reach of the Ready To Learn Service. RIF is a founding outreach partner for *Between the Lions* and will be piloting a family reading program in the fall based on *Between the Lions*. PBS is exploring additional working relationships with RIF. Many public television stations already participate in RIF's new distance learning network.

Mr. Porter: How many children are served under the First Book program? What is the federal cost per book under this program?

> Mr. Coonrod: First Book seeks to provide a new book per month to a child. Through Ready To Learn, approximately 30,000 books per month are distributed at a cost of about $2.25 to $2.50 per book. (Since 1994, some 2 million free books have been distributed to disadvantaged children.) Local stations often supplement the First Book supply through local fundraising efforts. The program targets the neediest children by working through Head Start centers, federally subsidized daycare, Even Start, homeless shelters, migrant workers organizations, and other organizations that serve low-income populations.

STATIONS TRANSMITTING IN DIGITAL

Mr. Porter: I understand that the Federal Communications Commission (FCC) established a timeframe for conversion to digital that required all commercial television stations in the top 30 markets to offer a digital signal by November 1999.

Did all the commercial stations meet this deadline?

> Mr. Coonrod: According to the Federal Communications Commission (FCC), 32 of the 40 top ten market network affiliates are on the air with full digital facilities. The other 8 have requested second extensions of time from the FCC. Of the other 79 stations in the top 30 markets, 47 are on the air with full facilities and 29 have been granted extensions of time until May 1, 2000 to go on the air. The 3 other stations have been granted Special Temporary Authority (STAs) to operate while action on their applications is pending.

MARKET OVERLAP

Mr. Porter: I have heard concerns from some of my colleagues regarding the overlap market regulations CPB is implementing. This concern relates specifically to stations that carry courseware programming directly related to college credit coursework as the majority of their programming.

As you know, the purpose of the overlap market restrictions was to ensure that taxpayer money was not used to broadcast duplicate programming. However, it seems CPB is interpreting this to mean that regardless of what a station's programming is, CPB will provide a single grant to be divided among stations in the overlap market.

Can you comment on this, and tell the Subcommittee if you are looking at revising these regulations so that these educational programs will not be eliminated? Could you also provide for the record the number of stations that are in this situation?

> Mr. Coonrod: Over the past six years, CPB has defined overlap solely on the basis of broadcast signal reach, a definition originated by PBS to determine program fee discounts to stations whose signals significantly overlapped. In accordance with our authorizing statute, the one-base grant policy, including the overlap definition, has been reviewed

thoroughly by the public television system in 1995/1996, and again in 1998. The consensus each time among stations has been to define overlap on the basis of broadcast signal reach without content-based exceptions. This consensus position on the definition of overlap is consistent with CPB's past practices. CPB has never conditioned its basic station operation grants to qualified stations on the basis of local programming decisions. To begin doing so now would establish a precedent with, potentially, practical and legal problems.

Our authorizing statute charges us to develop programming that is, among other things, instructional, educational, cultural, involves creative risks, and addresses the needs of unserved and underserved audiences, particularly children. It goes on to require CPB to "facilitate the full development of public telecommunications in which programs of high quality, diversity, creativity, excellence, and innovation, which are obtained from diverse sources will be made available to public telecommunications entities." In addition, CPB is charged to "carry out its purposes and functions and engage in its activities in ways that will most effectively assure the maximum freedom of the public telecommunications entities and systems from interference with, or control of, program content or other activities." Weighing our finite pool of stations grants to disproportionately favor a station that airs a certain type of programming for a certain number of hours might run counter to these statutory duties.

Certainly, instructional programming is an important part of the programming day for many public television stations. Airing educational or academic programming is the primary mission of university licensees, and in many instances, state licensees. Of the 177 public television licensees, 60 are University licensees and 21 are State licensees. Better than one-third of all public television stations carry the PBS Adult Learning Service, through which public television stations team with local colleges and universities to air instructional programming. Thirty-one public television stations and eight state networks, including carry the Annenberg/CPB Channel, which provides instructional teacher training programming.

CPB knows of only one station seeking exemption from the overlap policy on the basis of the station's program schedule. By contrast, among the 44 stations in overlap markets are eleven stations licensed to Universities, Boards of Regents, or Colleges, and two stations licensed to public school districts, are successfully reaching agreement with neighboring stations to share resources and reduce overhead expenses. Rather than resulting in the loss of educational services and content to their communities, in many

cases these stations are in better financial shape than they were before the one-base grant policy was implemented. If content overlap (rather than signal overlap) was the crux of the overlap policy, then every one of these stations could make a case for exemption based on unique and valuable educational content and service to their local communities. The result would be the elimination of the overlap policy.

As a direct result of the overlap policy, consolidation and cooperative efforts are now under way among public television stations located in New York City; San Juan, Puerto Rico; Philadelphia, PA; Indianapolis, IN; Denver, CO; Seattle, WA; Salt Lake City, UT; Los Angeles, CA; Lincoln, NE; Madison, WI; New Orleans, LA; and Tampa, FL.

CHILDREN'S PROGRAMMING

Mr. Porter: As you know, the new children's program "Dragon Tales" has become a huge success. I understand that efforts are now underway to produce Season II of the series and that Ready To Learn funding is important to continuing the show.

Of the FY 2000 Ready To Learn funding, what funds have been distributed and/or obligated for Dragon Tales? What are the plans for funding the series in FY 2001?

Mr. Coonrod: As noted in response to an earlier questions, the Department of Education is currently in the process of receiving proposals for the next five year cycle of funding for the Ready To Learn program. FY2000 funds would comprise the first year of the next five-year grant. PBS, with CPB's assistance, is in the process of assembling a five-year proposal. The proposal will fully examine possible future support for the *Dragon Tales* series, however, the level of support needed would be determined on the basis of negotiation with the producers, and on the results of research being done to test the effectiveness of the program in teaching basic social values.

READY TO LEARN COMPETITION

Mr. Porter: I understand that the Department of Education plans to compete the Ready to Learn funding for FY 2000 sometime this Spring.

What is the Corporation's position on this competition?

Mr. Coonrod: CPB has worked extensively with PBS, the Department of Education, and Capitol Hill to coordinate efforts to extend the Ready To Learn program for another five-year period. Both House and Senate Education Committees are in the process of considering broad reauthorization for a host of elementary and secondary education programs, including Ready To Learn. Concurrently, the Department of Education recently issued a Request for Proposals for a new RTL grant period. CPB is working with PBS on a proposal for a second RTL grant period. If successful, we expect PBS to be the direct grant recipient of RTL funds, with CPB maintaining a strong advisory role.

NEWS AND PUBLIC AFFAIRS PROGRAMS

Mr. Porter: Is public television devoting less time, attention and resources to news and public affairs programs?

Mr. Coonrod: There are no statistics comparing the time, attention, and resources devoted by stations to news and public affairs programming over time. My observation is that we are doing as well or better in these areas as at any time in the past. Public television has a long-standing commitment to funding, producing, and airing news and public affairs programs. In fact, programs such as *Frontline*, *The NewsHour with Jim Lehrer*, and *Washington Week in Review* are examples of high quality news and public affairs programs. In addition, *The Democracy Project*, a major PBS initiative with funding from CPB, began in 1994, provides innovative coverage of current events and politics. The Project recently offered *PBS Election 2000*, a series of special television programs and online resources to help encourage citizens to be informed as well as engaged in the political process. Local stations also air and produce news and public affairs programming, which serves their communities.

Mr. Porter: Are stations generally carrying the news and public affairs programs that are offered to them? At prominent times? With repeats?

Mr. Coonrod: A tenet of public broadcasting that programming decisions are made at the local level, thereby allowing, individual public television stations respond to their communities' interests and needs. Those stations that show the PBS schedule, generally air the public affairs programming offered by PBS. Programs like *The Lehrer News Hour* and *Washington Week in Review* are shown during prime time viewing hours. Most stations also air local and national public affairs programming provided through public television programming services other than PBS.

Mr. Porter: Is PBS slotting such programs in their prime time schedules?

Mr. Coonrod: Yes, PBS schedules public affairs programs, such as the ones mentioned above, during prime time hours. In addition, an upcoming Hedrick Smith series, *How Good Is Our Health Care?* is scheduled to be aired on PBS this Fall.

Mr. Porter: When stations are not doing much with the news and public affairs genre, what reasons do they offer?

Mr. Coonrod: Most stations do offer public affairs programming. They also provide educational and cultural programming and services. For example, many public television stations air children's programming throughout the day. The Ready To Learn Service provides free universal access to educational programming. Over 130 stations participate in the program; these stations broadcast at least a 6.5 hour block of children's educational programming.

Mr. Porter: Have the public television stations fallen victim to a "ratings game," running programs that just as easily could be aired on cable or broadcast, i.e. cooking shows, antique shows, etc.?

Mr. Coonrod: We are pleased that public broadcasting's ratings are holding steady at a time when commercial broadcasters are generally experiencing sharp declines in viewership. A recent poll by PBS shows that 81 percent of Americans believe that PBS stations provide valuable local program and community services you don't get from commercial TV or cable. I think our ratings remain steady because we have not altered our commitment to quality programming.

Mr. Porter: Is the current situation in violation of the spirit or the letter of the mandate of CPB?

Mr. Coonrod: The authorizing statute for the Corporation for Public Broadcasting states the following:

"The Corporation is authorized to facilitate the full development of public telecommunication in which programs of high quality, diversity, creativity, excellence, and innovation, which are obtained from diverse sources, will be made available to public telecommunications entities..."

The mandate of public broadcasting is to provide quality programming for all Americans. I believe that we are carrying out both the letter and spirit of the act.

Mr. Porter: Is there a plan to put more and better news and public affairs programming on the air on a regular basis?

Mr. Coonrod: All programming decisions are local. However, CPB and PBS continue to fund news and public affairs programming, including *Lehrer News Hour, Washington Week in Review, The Democracy Project,* and the upcoming Hedrick Smith program *How Good is Our Healthcare?* A wide variety of other news and public affairs programming is also available to stations. We continually strive to improve the quality and

quantity of such programming. Conversion to digital broadcasting will create opportunities to air more programming of all types.

Mr. Porter: Is there an ideological tilt, right, left or center, in what public affairs programming gets put on public television?

Mr. Coonrod: Public television airs viewpoints from a wide spectrum of sources. A recent PBS poll indicated that 85 percent of the American public believes that public television is reasonably balanced in the content of its programming, neither too conservative nor too liberal.

Mr. Porter: There are regular PBS documentary series for history, investigative journalism, nature and science. Is there a regular format or a regular time slot for broadcasting documentaries dealing in-depth with public policy and the ideas beneath the news? Are any such programs broadcast regularly on competitive channels?

Mr. Coonrod: On the national level, *The Lehrer Newshour, NOVA* and *Frontline* provide in depth analysis of public policy issues. Many stations also air *Think Tank with Ben Wattenberg, The Charlie Rose Show, Tony Brown's Journal, National Desk,* and other national and local public affairs shows that address public policy issues in a comprehensive manner. Public television programming is marked by its depth and diversity; the programming is developed to be relevant to the lives of people who are approached as citizens and not consumers. PBS has been working to improve the impact of news and public affairs programs through strategic scheduling and increased use of online and other educational resources.

TUESDAY, APRIL 4, 2000.

NATIONAL EDUCATION GOALS PANEL

WITNESS

KEN NELSON, EXECUTIVE DIRECTOR

Mr. PORTER. Subcommittee will come to order. We continue our hearings on the budget for 2001 with the National Education Goals Panel, and we are pleased to welcome, once again, Ken Nelson, the executive director. It is nice to see you.

Mr. NELSON. Thank you, Mr. Chairman. It is nice to see you and other members, and as previous people have said, I would like to echo, we certainly wish you the best in your future endeavors.

I also would like to introduce, I have my budget officer here today, John Masaitis and then also accompanying me is the head of the Wisconsin office here in D.C., because Governor Tommy Thompson is chair of our panel for this year, and this is Sky Babb. So they are here as well. I will have some very brief comments.

Ten years ago in his State of the Union, President George Bush announced the National Education Goals, which he and the governors had developed at the Nation's first education summit. And in those words he said, "education is one investment that means more for our future because it means the most for our children. That is why tonight I am announcing America's education goals." President Bush knew that these goals were ambitious, but he said "the Nation will not accept anything less than excellence in education."

He and the governors also created the unique bipartisan body of State and Federal officials called the National Education Goals Panel, which was authorized by Congress in 1994. This year has been a very productive one for the goals panel under the 1999 chairmanship of Governor Paul Patton of Kentucky, and the 2000 chairmanship of Governor Tommy Thompson of Wisconsin.

I would like to just mention, first of all, the panel produced its ninth annual goals report. We have gone up the calendar to the year 1999 with all of the present data available on national and State progress, and then we also deliver a more popular version of progress toward the goals for the general public. The prior one is more of a data volume. All of this material is on our Web site.

Then we go behind the numbers. As we have gotten older, in other words, as we have gotten more data, we have gone behind the numbers to say what is the meaning of this and how can we derive the benefits of some of this for States, for State and local policy-makers. So in going behind the numbers, we look at our data and then we ask how did respective States do so well. We found that Connecticut did very, very well in reading. Not only did it have the highest performing, but it was a most improved, which is

a phenomenal thing. So we commissioned a study to demonstrate how and why they got to such a high level of achievement in reading, and we made this available for all policy-makers at State level primarily, but local level as well, with a policy statement in that. We did that 2 years ago for North Carolina and Texas.

We also go behind the numbers with this edition Promising Practices. We look at each of our goals and then we analyze which States have done the best toward those goals in terms of achievement. Then we go back to those States and ask the States how they did it. Now, granted, we never say this is solid research. It is anecdotal, but we call the right people in those respective States, and we characterize their policies and practices and then we put it in a publication, make it very available for people and indicate a contact point in each State on each of the goals.

In addition, Mr. Chairman, we had this past year a celebration, as well as a special conference on the 10th anniversary of the goals. Governor Tommy Thompson, our present chair, and former Chair Paul Patton wrote this, an Ed Week commentary on Continuity of Purpose and a Common Vocabulary, indicating one of the benefits of the goals is that they have provided that continuity of purpose and common vocabulary for all people to work around and toward.

We also commissioned a 10th anniversary historical analysis of how we got to Charlottesville, and it is interesting, the fellow who wrote this, Manis Vinovskis, is in the audience at this time, but this is a road to Charlottesville, and we have done a series of historical studies about the goals and how the goals panel has been able to report on their progress.

Mr. Chairman, this year our chair, Governor Tommy Thompson, has a very aggressive agenda entitled "high achieving schools, the promise, the practice and the results." We will kick off our yearlong examination of innovation in the classroom on April 13th with a nationwide video teleconference that will illustrate how States, districts and schools can implement criteria for quality improvement in education, and, by the way, we have over 200 downlink sites already indicated on that, and we are going to Web-cast that simultaneously.

In addition then, we will hold a series of hearings at Governor Thompson's suggestion in Los Angeles; Burlington, Vermont; Atlanta and Chicago to identify other successful strategies to get all students to perform to high standards. And a follow-up teleconference will share the recommendations of that panel with the general audience.

Simultaneously, we have formed a Measuring Success Task Force. This is, for the future, to recommend to the panel how to best develop, use and report data for education improvement. That is the core of our being, how do we best report data and it is becoming more and more a policy-makers' necessity. So we are providing, we believe, the best data in the country that is comparable among States, but for future we realize, especially using electronic means, as you were discussing with the library people, transmission of data can be done instantaneously so a parent can immediately know how well their child is doing in that classroom or a teacher can better use data immediately the next day, so data doesn't have to be delayed as long as it has previously been.

We have asked former governor of Maine, John R. McKernan, to chair this task force, and he was both panel member and a former chair.

Those, Mr. Chairman, are some of our future endeavors, presently engaged in, and we are asking then an increase of $100,000 in our budget. This will primarily focus on our end-of-the-decade reports. I indicated with this graph that we are now at the ninth report. We are hoping to deliver the 10th report next year once we have 2000 data for all of the States on all of the goals and all of the indicators of the goals, many of which are not reported in these annual reports. This will be an end-of-the-decade report. It will be a mega report, sort of our ultimate report for the decade on multiple indicators for the goals and broken up for each State on each data point between 1990 and the year 2000. So our request for an increase is targeted to that endeavor.

In closing, Mr. Chairman, members, we look forward to serving you, the Congress, the President, Secretary, governors, State legislators with this information in a timely manner to better achieve the national education goals and to also escalate that progress. Thank you. I look forward to your questions.

Mr. PORTER. Thank you, Mr. Nelson.

[The information follows:]

STATEMENT OF KEN NELSON
EXECUTIVE DIRECTOR
NATIONAL EDUCATION GOALS PANEL
BEFORE THE
APPROPRIATIONS SUBCOMMITTEE ON LABOR,
HEALTH AND HUMAN SERVICES, AND EDUCATION
U.S. HOUSE OF REPRESENTATIVES

Introduction

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE. Thank you for the opportunity to appear before your Subcommittee today regarding the National Education Goals Panel's Fiscal Year 2001 budget request. My name is Ken Nelson and I am the Executive Director of the National Education Goals Panel.

Overview

The bipartisan Panel was established in 1990 following the historic Education Summit held in September 1989 at Charlottesville, Virginia. At that meeting, President Bush and the Nation's Governors established an accountability and reporting process for the nation and states to report on progress toward the achievement of the National Education Goals by the year 2000.

They believed that establishing National Education Goals would focus America's attention and resources on high academic performance of our students and our schools. But they also recognized that adopting National Goals would ultimately prove an empty gesture without monitoring and reporting on progress toward their achievement and without telling the American people and those in each state how well we are doing. Accordingly, the National Education Goals Panel was established and charged with measuring the nation and states' progress toward achieving the National Education Goals over ten years. In

1994, the National Education Goals Panel was established in law by the *Goals 2000: Educate America Act,* Public Law 103-227, as an independent agency in the Executive branch of the Federal government. Two additional Goals were added to the original six.

The bipartisan Panel is composed of 18 members: eight governors, appointed by the Chairperson of the National Governors' Association in consultation with its Vice-Chairman; two members of the U.S. Senate, designated by its Majority and Minority leaders; two Members of the U.S. House of Representatives, designated by its Majority and Minority leaders; four members of state legislatures appointed by the President of the National Conference of State Legislatures; and two senior-level Federal Executive Branch officials appointed by the President. The 1999 chair of the Panel was Paul Patton, Governor of Kentucky. The 2000 Chair is Tommy Thompson, Governor of Wisconsin.

The Panel's primary responsibilities are to: (1) monitor, analyze and report on National and State progress toward achieving the National Education Goals; (2) work with states to develop and implement high academic standards and assessments; (3) identify and report promising and effective practices at the state and local level and provide assistance to states and communities with their progress reports; and (4) build a bipartisan consensus for education improvement to achieve the Goals.

Strategic Performance Objectives for FY 2001

Monitor, Analyze and Report on National and State Progress Toward Goal Achievement

- Publish two end-of-the-decade reports summarizing an assessment of 10 years of progress by the states and Nation toward achieving the Goals. These reports will include all available data points for all of the Goals and provide a grand summation of the decade's progress. These reports will be clearly understandable by the American public and policymakers.
- Prepare specialized, but short, reports aimed at audiences concerned with individual Goals or specialized subject areas.
- Implement strategies to improve the collection and use of data by policymakers, educators and the general public, including the use of electronic technology. These strategic recommendations will be developed and presented by a Measuring Success Task Force established in FY 2000 but continuing in FY 2001.
- Analyze the national and state data to provide valid interpretations about progress toward Goal achievement and share that information with the public, educators and policymakers.

Work with States to Develop and Implement High Academic Standards and Assessments

- Produce a profile of successful state and community activities on standards implementation that will provide guidance and feedback to other states as they develop and implement high academic standards and assessments.
- Provide information and assistance for state and local policy-makers and the public on how to develop high academic standards

- Offer guidance to policy-makers and the public on assessment systems that can track student progress toward defined benchmarks in order to inform parents and educators and insure accountability for schools and school systems.
- Develop and publish recommendations on the improvement of early childhood assessment.

Identify and Report Promising Practices and Provide Assistance on State Progress Reports

- Identify and profile communities and states which exemplify high performance in student achievement.
- Highlight those states and communities which are making significant progress toward realizing the National Education Goals.
- Encourage state and local reporting of relevant data on system and student achievement.
- Provide limited technical assistance to states on how they can improve their progress reports.
- Work with other organizations to recognize those states which do an exemplary job of reporting to the public about system and student achievement.

Build a Bipartisan Consensus on Reforms and Strategies Necessary to Achieve the Goals

- Work with all people and organizations interested in education improvement guided by national/state education goals, reporting and accountability.
- Build on the bipartisan membership of the Panel to engage all governors, state legislators and others in significant education improvement efforts, guided by education goals and reporting.

- Use the end of the decade as an opportunity to evaluate the effectiveness of setting education goals with measurable indicators, reporting on progress toward achieving them and the impact of the goals process on education improvement.

The Role of the Goals Panel

Meeting the challenges of improving education in the next century will require the involvement of all Americans: public officials, educators, parents, business and community leaders, and students. Becoming active participants in improving our ability to gauge and guide our education performance will enable us to improve the performance of our students and schools. One of the most important roles that the Goals Panel plays is encouraging and enabling collaborative efforts to improve education that are taking place at all levels of governance and in every community.

The Goals Panel informs decision-making. Citizens need accurate, reliable information to determine the strengths and weaknesses of their education systems and to make decisions that will allow those systems to perform at more ambitious levels. The Goals Panel will continue to help states and communities determine how well they are doing, where they would like to be, and what they will have to do to move their results in the desired direction.

Budget Request

At the time the Goals Panel became and independent agency on July 1, 1994, we were funded at $3,000,000 for fourth quarter FY94 and all of FY95. The National Education Goals Panel is asking for $2,350,000 for FY 2001. This budget request is divided into 4 distinct strategic performance objectives plus administration. They are: monitoring, analyzing and reporting on Goal achievement; working with states to develop and implement high academic standards; identifying and reporting promising and effective practices and assisting states and communities with their progress reports; and building a bipartisan consensus for education improvement to achieve the Goals.

We request $704 thousand to monitor, analyze and report on Goal achievement. Most of this money will be used for data collection and printing the annual reports.

We request $124 thousand to work with the states and communities on the development and implementation of high academic standards and assessments. This will provide for the necessary workshops, the identification and characterization of some case studies and the publication of their recommendations.

We request $74 thousand to identify, profile and share the examples of promising and effective practices of high performance schools on student achievement and to assist states and communities with their progress reports. This will enable us to convene states and communities at workshops where they and we can help each other to improve effective reporting of assessments and student achievement results.

We request $297 thousand to continue building bipartisan consensus by convening the Panel, the Working Group members and other resource groups; printing appropriate Goal-specific information; supporting the release of the annual Report; and providing information and outreach to the states and communities.

We request $1,150.800 for administration including personnel compensation and benefits; office space and the inter-agency support agreement; office equipment and supplies; and the transportation of materials.

Conclusion

Ten years ago, the White House and the Nation's Governors, later joined by Congress and State Legislators, began a reporting and accountability process to make the Nation's education system one of high performance. They agreed that by the end of the century the commitment made by policymakers, communities, educators, students, and parents should be turning those ambitious Goals into reality. A permanent foundation has been laid and considerable information has been gathered on progress, though it will require continued improvements before it can be considered complete in all areas.

In closing, let me state that the Panel is truly excited about our planned activities for FY 2001. We will continue to provide the President, the Secretary, the Congress, the Governors, State Legislators and the public with timely information on the Nation's and states' progress toward achieving the eight National Education Goals.

This completes my statement. I will be happy to answer any questions you may have.

Mr. PORTER. In a certain sense, this setting of outcomes standards sort of preceded the whole concept of GPRA, where we do it now throughout the government by the President setting specific outcome goals or standards for the country and then our attempting to work toward them. The difficulty is we haven't met any of them; am I correct?

Mr. NELSON. That is correct. Some States have met some, but not all States have met all of them.

Mr. PORTER. John Kennedy said we had to get to the moon before the end of the decade and we did it. George Bush said we had to better educate our children up to standards and we didn't do it. Give me a kind of bottom line on the goals. You know, some States are doing better than others I understand, but overall are we getting closer, are we standing still on the water? Give me an idea.

Mr. NELSON. Well, unfortunately, Mr. Chair, it is mixed. But there is progress and, especially, I was looking at that this morning in our report. We characterize in math and science, for instance, all grades across the country, not in all States, but as you compile it totally, the Nation has made progress, and several States, some 35 States have made progress. So in that category, in those categories' the academic achievement is up at least in math and science. We don't have some data on other academic subjects yet. That is where the 2000 report will provide more of that.

Mr. PORTER. It seems to me that maybe it was a couple of years ago when we took the Timms test that we weren't doing so well in math and science. In fact, compared to the rest of the world, we were doing very poorly; am I correct in that?

Mr. NELSON. You are correct in that we did more poorly in math and science in comparison to the other countries. It was not a time to be proud. We believe the goals are going to create greater energy around that and the fact that we have the Timms study so we can benchmark to the best in the world, to see how well we are doing, even if it is bad news, we have got to report it as bad news. And it is interesting we have seen a trend in the early 1990s, when the goals panel was first created, there was a reticence among the governors to share information and be compared to other States. Now they really look for it. They want comparable information among States. They want to be compared because they can leverage change in their own States vis-a-vis other States, so hopefully in this country against like a Timms standard.

Mr. PORTER. This is a comment rather than a question, but here we are, perhaps the leading technological Nation in history, leading in so many different areas from information technology to biomedical science and the like, and yet our kids in school aren't doing very well in math and science overall, though you are probably telling me we are making some progress, and fortunately we have managed to attract to our country and this is—I want your comment on it. Fortunately it seems to me we have managed to attract to our country brilliant people from all over the world who have come here because this is a place of freedom and opportunity and have kind of filled in the gaps for our native population which, in a way, seems in too many instances not very well prepared in math and science, and also seems to not want to go into those fields.

You know, it seems to me all the bright kids I know in my district want to be stockbrokers or in an Internet company instead of being researchers or scientists or the people that develop the technologies that make our economy grow, and yet we have drawn a lot from the rest of the world to fill that gap. That is not something we want to rely on. We need to emphasize the technological skills that keep us ahead among our own people who are born and educated here, and we want to get young people into these fields as career paths so that we aren't going to be dependent upon a flow of talent coming from the rest of the world. Can you comment on that for me? I know it is kind of off the subject.

Mr. NELSON. Well, Mr. Chairman I certainly agree with you, instead of a brain drain, I guess we have a brain influx in this country which has been to our benefit. Partly for the reasons you have cited. It is a very creative society, it is a very challenging society, a very entrepreneurial society versus other societies. I recall when I was State legislator in Minnesota, we were working on getting more engineering degrees produced in our State without having to rely upon people coming from foreign countries. And I think that that continues. I don't have a quick answer for that. I don't have a decent answer for that.

I do believe the fact that we have set goal 5 as a separate math and science goal has said this is of critical importance for the country. It certainly was in 1990 when the goals were set and the governors and the business community said we have to ratchet up our interest and commitment to math and science. So we also report on not just that achievement, but how many students are now getting math and science degrees versus prior. So in our little way, we are attempting to assist that commitment, but it remains a very serious problem for the country, I do believe.

Mr. PORTER. Has any State met all of the goals?

Mr. NELSON. No, no, Mr. Chairman.

Mr. PORTER. How many of the goals have been met by the top State and what State is that?

Mr. NELSON. Well, 2 years ago we highlighted North Carolina and Texas for being on the top in terms of most indicators, there are 34 State indicators and they had achieved at top rank, about 10 of them respectively. So we highlighted that. Now you can look at respective States. Now Connecticut obviously did very well in reading. More States are achieving, the most measurable goal, of course, is ninety percent completion rate for high school graduation or its equivalent, and I think about 30 States are there now, maybe it is more than 20, I would have to double-check, but we moved in the right direction on that because I think this last decade even the young people are seeing the worthiness of education and the importance of it, so they are committed more to it themselves, staying in school longer, realizing that high school degree doesn't get you very far in our society.

We try to emphasize the respective States achievement toward the goals as much as the Nation's achievement, because we believe that is where the action is in the respective States and in this particular periodical, or in this annual report, we do highlight greatest improvement over time, highest performing States and most improved. So we subdivide all States by each indicator to try to posi-

tively identify those States who are doing very well. It would depend on each goal. We would have to look at each goal and by indicator to see how the respective States are doing.

Mr. PORTER. Thank you Mr. Nelson.

Ms. Pelosi.

Ms. PELOSI. Thank you, Mr. Chairman. Mr. Nelson, welcome. Thank you for your testimony and for your service and your interest in the education of America's children. I was interested in our chairman's line of questioning that we had these goals: President Kennedy's man on the moon at the end of the decade, President Bush's Goals 2000 and it was interesting to me to observe that when President Bush was president and the governors came up with this bipartisan plan and President Bush accepted it, everyone was very happy it was bipartisanship, a common goal and a great deal of enthusiasm for it. It wasn't really, until the Democrats lost the House, that people started to criticize the goals, whether it had a different name, Goals 2000 or whatever it was, some of which came directly out of the recommendations of the bipartisan governors committee and signed off by President Bush.

In all fairness to him, if his own party—I don't want to get into a political thing here, it has always been a mystery to me and maybe you can solve it for me, I guess it was just a different point of view within the party but how they began to undermine the goals that were set forth in a bipartisan fashion, approved of by President Bush wholeheartedly, supported by him and something we were following the President on. Can you comment on any lack of enthusiasm and how that may have impacted our success, my question?

Mr. NELSON. I will do my best. The Goals 2000 Program, which was run out of the department, was more heavily criticized by more conservative people throughout the country, concern I believe about Federal influence or control. We made it very clear that we report on progress toward the goals. That is why we are separate from the department as a bipartisan agency directly accountable to Congress. So we distinguished ourselves from the Goals 2000 Program.

Ms. PELOSI. Just so I understand, now I understand the distinction you are making now, do you think that Goals 2000 as presented as an initiative by President Clinton is a departure from the agreement the goals that were established by the bipartisan committee, bipartisan governors initiative?

Mr. NELSON. That was established in 1994 and the same act that created the goals panel. Prior to that time.

Ms. PELOSI. I understand, but is there a difference between Goals 2000, or a major departure between Goals 2000 and the 1994 initiative versus what was signed off on by President Bush and the bipartisan governors committee.

Mr. NELSON. I think the intention of the Clinton proposal was to continue it. President Clinton was a lead Democratic governor present at the Charlottesville summit, and the Goals 2000 Program would allow the States to create those kind of policies and activities which would be toward goal achievement, toward the eight national education goals.

Ms. PELOSI. So that would be the logical next step for toward the implementation of what President Bush approved of and the governors presented?

Mr. NELSON. I would think so.

Ms. PELOSI. My point, Mr. Chairman, is that one of the reasons we may not have reached President Bush's call for all of this improved education in a limited time is that his mandate was undermined by other thinking on this subject, and I don't mean to make this a political point.

Mr. PORTER. I think you have made it a political point.

Ms. PELOSI. But I just think this——

Mr. PORTER. Would the gentlelady yield on this and we can discuss it without being charged on her time? I think it is true that when Republicans took control of the House, the Goals 2000 Program was not valued very highly, and I suggest two reasons for that. One was that the national party felt that this money was mainly planning money. It didn't go to educate any kids. It went for organizing at the State level the follow-on to the goals that were set by the President, by the Charlottesville conference, and I think mostly the feeling was that that can be done by the States without Federal money, that they didn't need any encouragement to do that because they were already taking this up at a very high level as a priority for each of the States, and that the money would be far better spent by giving them money for programmatic use such as Title 1 or IDEA or others.

The second was that it ran right squarely into the flexibility versus Washington control issue, that was a primary issue with Republicans at the national level and has been ever since, and the thrust of our thinking is that it is far better to allow the States and the local school districts to use Federal resources in a way that they feel is most appropriate and most needed rather than to have Washington dictating that this money has to go for Goals 2000 programmatic planning rather than for something to educate kids or improve the classroom.

Ms. PELOSI. I appreciate that, Mr. Chairman, but my question to Mr. Nelson was, was that Goals 2000 a logical initiative following the recommendation of the governors? Was that consistent with what the governors had proposed and what President Bush had signed off on, the Goals 2000 Program?

Mr. NELSON. Well, it was intended, I believe, to be grant money for the States to use under the title of Goals 2000, but I think they had a lot of flexibility in terms of what they used it for, whether they chose to use it for goal achievement or not I think was left up to the respective States.

Ms. PELOSI. I see. We are having—I don't know—the way Republicans attacked the Goals 2000, it appeared that they were disassociating either they were disassociating themselves with what President Bush had signed on to himself, or because it was a Democratic initiative, they were no longer interested in it. When it was a Republican initiative, they did, and the reason I mention it is because you mentioned President Bush in a way that sounded like he didn't reach his goal, and in all fairness to him, he was gone by then.

But I think it is really important for us if we are going to reach our goals and we bring governors together and we put forth a pro-

posal that has bipartisan support by the governors who have to deliver the service after all and the President of the United States signs off, that if we, if Goals 2000 is a departure from that, let us say that, but if it isn't, let us recognize that we have changed course when we try to measure success on this in a line springing from what gave birth to your panel as we go from here with your very distinguished chairman of the panel, or is that what we call them, chairmen, each year of the panel?

So I don't know how, I mean, I don't know how—you are answering for how you measure the success and the rest of that and thank you for what you do.

Mr. PORTER. Will the gentlelady yield just briefly again. I want to put something in the record and that is because his representative is here, Governor Thompson of Wisconsin called me twice, I believe, two different years on this issue saying that the Goals 2000 money was important, so there is a difference of opinion within the Republican party about the importance of this program. And yet I think that the bottom line on it is that the flexibility and the need for money to go for direct student services has won out over the idea of a Federal planning program.

Ms. PELOSI. The point has been made. Thank you Mr. Nelson, for what you do. Thank you, Mr. Chairman for putting on the record that Governor Thompson supports Goals 2000. I appreciate that. Thank you.

Mr. PORTER. You have more time if you want to continue.

Ms. PELOSI. Well, I would be interested.

Mr. PORTER. I took some of it.

Ms. PELOSI. I was interested in how you translate the success in Connecticut in the reading program. What do you do next? You did a study to see why they succeed and how they succeeded. Then how do you make that available to the other States? I started thinking about these children reading better, and I think I missed your point there.

Mr. NELSON. What we did is submit this report Exploring High and Improved Reading in Connecticut, and we actually commissioned this study. We had somebody who had worked in the Department of Connecticut who also then teaches at Harvard, Joan Barron, to do the study for us through a series of interviews, but also through a series of analyses of the data, and we tried to make our studies as relevant to policy-makers as possible. So we had her break out State education policies and practices and local district policies and practices that were beneficial to the respective players in Connecticut.

We actually went to Connecticut and released this report there with a little press conference at a local school in Hartford, low income school where the students had done very, very well.

Ms. PELOSI. Do we know why they did well?

Mr. NELSON. Yes. They really focused a lot on teacher development. They also used data very effectively at the local level. They get feedback immediately on tests and assessments how well students are doing, which is then usable by the actual classroom teacher. They also share that information with the community so that the community itself is fully informed about how well the

school is doing, that enables the parents to hold the school more accountable where their students are.

At State level they have also provided resources to the neediest of districts once they see a how a district is going or a school building, they target money to that District. Some of what we saw in North Carolina and Texas as well.

Ms. PELOSI. That's interesting. Are you making that available to the Department of Education as well?

Mr. NELSON. Absolutely. It is on our Web site and we have distributed it quite extensively throughout the States. We consider our primary customers as State policy makers. That is, governors, State legislators, chief State school officers, school board members, and business education coalitions. So we send them all copies of this.

Ms. PELOSI. I hope the Department of Education is getting it too. Mr. Chairman, do we know who the members of the panel are from the Congress? There are two from the House and two from the Senate.

Mr. NELSON. Yes. I could respond. Congressman Goodling and Congressman Martinez are on it, used to be Congressman Kildee and now Congressman Martinez, are on the panel from the House. From the Senate, it is Senator Jeffords and Senator Bingaman.

Ms. PELOSI. Thank you so much for your answer.

Mr. PORTER. Thank you, Ms. Pelosi. Number 7 on the National Education Goals states, "every school in the United States will be free of drugs, violence and the unauthorized presence of firearms and alcohol and will offer a disciplined environment conducive to learning." anecdotally, from reading the headlines in our newspapers over the last few years, one would say we are regressing from that goal rather than progressing. You have data, though, that shows that in much greater detail rather than anecdotal evidence. What would you say we are doing in respect to that goal? Have we made progress or are we definitely regressing?

Mr. NELSON. Mr. Chairman, we have four indicators under goal 7, and as a whole, we are regressing. This is data from 1991 to 1998, some data is not as recent as 1998, but the trend is not positive for the use of drugs, the sale of drugs, victimization of teachers, and disruptions in class by secondary school students. Those are trends in the negative direction. There are some status quo trends. Sometimes we don't have statistically significant variants in our data to report. The one positive is that 10th grade students are reporting less victimization, in other words, they were threatened or injured at school less from 1991 to 1998, so that is a positive, but on the whole it is a regress.

Mr. PORTER. Well, here we are, we are spending a ton of money on drugs, we are spending a good deal of money on safe and drug-free schools, we have thrown money at these problems for a long time and we seem to be going in the wrong direction. Does your evidence show any reasons for this or you just have a bottom line on it?

Mr. NELSON. I would have to go into a Promising Practices document to see what respective States have done well on this goal, and I could certainly get back to you on that, Mr. Chair. We highlighted three States, South Dakota, Vermont and Nevada, for having pro-

gressed positively on this. I think we would say that our society has become more violent, and I guess we all know that and certainly the Columbines have become more prominent, and yet there is still pretty solid evidence that schools are pretty safe places for a number of students to be.

Mr. PORTER. Well, it seems to me that this goal seems to be very important to achieving the other goals. If you don't have discipline in the classroom, if you have firearms brought into the school, if you have drugs and your students under the influence of drugs, if you have violence against your teachers, I don't know how you can have any learning go on in an environment like that. So it seems to me a very important one, and it seems to me we are falling way short of where we ought to be in respect to it, and I don't know that anybody has really given us any answers that work. Do you agree with that?

Mr. NELSON. Well, we share your concern, Mr. Chair, and so does the general public. It is the goal that they are most concerned about, it is most visible and obviously it is the one that generates more passion and feeling because of the safety of our children.

Mr. PORTER. How long does the Chairman have as a term, 1 year or 2 years?

Mr. NELSON. One year.

Mr. PORTER. One year, so we have had what? How many different chairmen have we had, seven or eight?

Mr. NELSON. Yes, I think Governor Thompson is our ninth chair.

Mr. PORTER. Ninth chair. I know Governor Thompson takes all of this very, very seriously, and put it a very high priority it seems to me, if you are going to work on one thing that might make a difference. It might be this one among a lot of very important priorities, and obviously we think that you play a very valuable role and are doing a fine job there, Mr. Nelson, and gearing to try to do everything possible to give you the resources you need to do it even better.

Mr. NELSON. Thank you very much.

Mr. PORTER. Thank you very much for appearing. The subcommittee will stand in recess until 2:00 p.m.

[The following questions were submitted to be answered for the record]

NATIONAL EDUCATION GOALS PANEL
Response to Questions from Congressman John Porter

Mr. Porter: Since its inception, the National Education Goals Panel has been tasked with monitoring the achievement of the nation's eight goals by the year 2000. Which of these goals has been most successfully met, in your opinion?

Mr. Nelson: Some of the greatest improvements have been made in improving the conditions that will enable children to arrive at school ready to learn (Goal 1). Fewer infants are born with health risks, compared to where we stood at the beginning of the decade. More toddlers are fully immunized. More parents are reading and telling stories regularly to their young children. The gap in preschool participation between rich and poor has narrowed. Fifty states have increased the percentage of mothers receiving early prenatal care, and 49 states have increased the proportion of children with disabilities participating in preschool.

Mr. Porter: Which goals have we been least successful in meeting?

Mr. Nelson: Goal 7: Safe, Disciplined, and Alcohol- and Drug-free Schools, for the following reasons:

- The percentage of 10th graders who reported using any illicit drug during the previous year increased from 24% in 1991, to 37% in 1998.
- The percentage of 10th graders reporting that someone offered to sell or give them an illegal drug at school during the previous year increased from 18% in 1992, to 29% in 1998.
- The percentage of 10th graders reporting using alcohol during the previous year has not improved, remaining at 63% between 1993 and 1998.
- During the 1990s, no state reduced the percentage of public high school students who reported using marijuana at least once in the previous 30 days. In 16 states, the percentage *increased* between 1991 and 1997.
- Between 1993 and 1997, only the Virgin Islands significantly reduced the percentage of public high school students reporting that someone offered, sold, or gave them an illegal drug on school property during the previous 12 months. In 15 states, the percentage *increased*.

Clearly, much more must be done to reduce student drug and alcohol use and to ensure that our schools are safe and orderly places of learning.

Mr. Porter: Now that we are in the year 2000, what's the future of the National Education Goals Panel?

Mr. Nelson: In 1998 Governor Cecil Underwood, Chair, established the Future of the Goals Task Force co-chaired by Governors John Engler and Jim Hunt

to develop a set of recommendations to the Panel regarding its recommendations to Congress on reauthorization. The Task Force concluded, after gathering input from throughout the country, the Goals should continue as America's Education Goals. It also recommended that the Panel be called America's Education Goals Panel and the Goals not be targeted to a particular date but be measured against baseline and continuous progress. At its February, 1999 meeting the Panel agreed and unanimously adopted a resolution calling for continuation of America's Education Goals and America's Education Goals Panel and recommended that the Goals not be targeted to a particular date.

Mr. Porter: Do you expect to be re-authorized?

Mr. Nelson: Yes, the Panel is optimistic about being re-authorized.

Mr. Porter: Last year's budget reflected a $150,000 increase to launch several new initiatives relating to the end of the decade. A series of papers were commissioned to explore the various goals set forth in 1989.

Specifically you stated that an initiative called "Message 2000" would be launched last September to talk about where the country is going with respect to education reform.

What was learned at the "Message 2000 Conference?"

Mr. Nelson: The Conference engaged state and federal policymakers (Governors Paul Patton, James Hunt, Tommy Thompson, and Cecil Underwood; state legislators Spencer Coggs, Doug Jones, and Stephen Stoll; U.S. Senator Jeff Bingaman; U.S. Representatives William Goodling, and Matthew Martínez; U.S. Secretary of Education Richard Riley) in dialogue with journalists (Hedrick Smith), scholars/policy analysts (Leo Estrada, Diane Ravitch; Richard Elmore, Sharon Lynn Kagan, and Denis Doyle), education leaders (AFT president Sandra Feldman and Urban League president Hugh Price), and business-education leaders (Bob Wehling of Procter & Gamble) about the next big issues in education. (See *Building on the Momentum: Proceedings from the 10th Anniversary Celebration.*) The major and recurring themes of that dialogue were:

a) the *"seismic shift" in political thinking from judging education on the basis of* inputs (funding, regulation compliance) to assessments of student, school, and state success meeting high academic standards;
b) the urgency of maintaining momentum for standards-based reform;
c) the paramount importance of the quality of teaching and teaching materials;
d) the motivating power of (and frustrating lack of) good and timely data on student achievement and other goal areas, and the value of special analyses of the data we have;

e) the combined need to use existing resources better and to know when additional resources are needed, and the need to refine and expand motivations for teachers and students to ensure achievement of higher standards; and
f) the success of the Goals Panel as a forum of bipartisan discourse and leadership capable of considering and forging consensus on important emerging issues of educational reform.

Mr. Porter: Have these papers been completed and published?

Mr. Nelson: The Panel commissioned leaders of each of its eight Goal-specific advisory groups to comment on trends in Goal attainment and contributions of the Goals and Panel to education improvement over the last decade. These papers were summarized in a policy brief, *National Education Goals: Lessons Learned, Challenges Ahead,* which was distributed at the conference. The complete papers are available from the Panel and are expected to be published as a special issue of the Columbia University *Teachers' College Record* in 2001. In addition, the Panel invited 14 independent opinion leaders to write essays about what they saw as the next big issues in education, and published and distributed their essays in a special report, *Building on the Momentum.*

Mr. Porter: What, if any, new proposals have been identified in these papers to increase success with regard to the original goals?

Mr. Nelson: The authors of these papers were not asked to formulate new proposals for reaching the National Education Goals. Individual authors made their own observations and recommendations for the future, such as:

- "Every school should be the equivalent of a 'charter' school." (Chester E. Finn);
- "The first challenge is that of going to scale – how to get improvements to permeate a large, diverse, and diffusely governed education system." (David Kearns);
- "We should consider creating a separate office for implementing large-scale systemic development projects." (Maris Vinovskis); and
- "School reform advocates need to be prepared to show how they intend to help all children reach these high standards." (Deborah Wadsworth).

Mr. Porter: Obviously, parental oversight is extremely important to the education system. You have published numerous reports, papers, and developed programs to assist the educational system in this country. What type of parental feedback do you get?

Mr. Nelson: While the majority of feedback the Panel receives comes from individuals who are parents, many of them communicate with the Panel from the perspective of either their profession or as citizens. The National Parent Teacher Association has been a consistent partner in supporting the Panel's work in every

Goal area and in publicizing their own efforts to enhance parent participation in education.

Mr. Porter: Do you have a system in place that tracks the concerns and involvement of parents in conjunction with the state education systems?

Mr. Nelson: State education systems generally cooperate with Panel efforts but operate independently in tracking the concerns and involvement of parents. In identifying promising practices for Goal 8: Parental Participation, the Panel found in 1999 that preventing school violence and establishing academic standards were two topics that inspired increased numbers of parents to become actively involved with their children's schools.

Mr. Porter: Number seven of the National Education Goals states: "Every school in the United States will be free of drugs, violence, and the unauthorized presence of firearms and alcohol and will offer a disciplined environment conducive to learning. Has there been any progress in this area since last year?

Mr. Nelson: No significant progress was made on any of the *national* indicators of progress toward Goal 7 since last year. Because the *state* data for Goal 7 are collected by the Centers for Disease Control and Prevention in alternating years, no new state data were available for inclusion in last year's Goal Report. When state data for Goal 7 are updated this year, the Panel will be able to assess any changes in progress at the state level.
(Note: The Goals Panel typically reports change over the entire decade (i.e., change since the Goals were established in 1990 to the most recent year that data are available), rather than year-to-year change.)

Mr. Porter: What are some of the most successful programs that states have developed to combat violence, alcohol abuse, and drug abuse?

Mr. Nelson: The Panel annually interviews officials in states attaining the highest levels of improvement and success on specific indicators in each of the eight Goal areas, including Goal 7: Safe, Disciplined, and Alcohol- and Drug-free Schools. The results are widely disseminated in *Promising Practices: Progress toward the Goals*. State officials have reported that their success was due to zero-tolerance programs and programs that deal with disruptive behavior as soon as it occurs, while at the same time offering a wide variety of health and wellness programs that serve all students.

Mr. Porter: In your strategic Performance Objectives, you propose to recommend strategies to improve the collection and use of data by policymakers, educators, and the general public, including the use of electronic technology. What electronic technologies will you be utilizing for improved collection methods?

Mr. Nelson: The Panel disseminates its own data by posting its reports, and encouraging special comparisons among state data, on the Goals Panel Web site, www.negp.gov. The Panel's newly-created Measuring Success Task Force also intends to consider ways that school districts, states, and federal data collection agencies are using strategies such as data harvesting to share data bases. Such strategies could reduce data reporting burden on states and districts, making it more likely that they would agree to participate in voluntary data collections of great interest to state and federal policymakers. Such strategies could also greatly reduce the amount of time between data collection and the point that results are made available to policymakers and the public.

Mr. Porter: Can these data be reviewed on a daily basis or on-line?

Mr. Nelson: The data reported by the Goals Panel in all of its publications can be viewed every day, on-line by accessing the Panel's Web site, www.negp.gov.

[The following questions were submitted to be answered for the record]

NATIONAL EDUCATION GOALS PANEL
Response to Questions from Congressman Ernest Istook

Mr. Istook: How is work done by the Goals Panel different from the National Center for Education Statistics?

Mr. Nelson: The National Center for Education Statistics (NCES) is part of the U.S. Department of Education. It is the primary federal entity that collects and reports statistical information on the condition of education in the United States. NCES does not propose educational policy. Its purpose is to present the facts, not to suggest changes in educational practice or policy.

The National Education Goals Panel (NEGP) differs from NCES in that it is a fully independent federal agency that *can* propose changes in educational policy and practice. The Goals Panel is a unique bipartisan and intergovernmental body of federal and state policymakers. Like NCES, the Goals Panel reports statistical information on the condition of education in the United States. However, all of the Goals Panel's reports are focused on national and state progress toward the eight National Education Goals. NCES reports a much broader array of education statistics that are not specifically Goal-related (e.g., data on school finance, private school enrollment, the number of public libraries in the United States, etc.).

Moreover, the Goals Panel differs from NCES in that it is charged with responsibilities in addition to reporting and interpreting education statistics. In addition to monitoring national and state progress toward the National Education Goals, the Panel is charged with:

- Encouraging the development and use of high academic standards and challenging assessments;
- Identifying promising practices for improving education and reaching the Goals; and
- Building a nationwide, bipartisan consensus to achieve the Goals.

Mr. Istook: Where does the Goals Panel get statistical information?

Mr. Nelson: The primary sources of data used by the Goals Panel are:

- Federal statistical agencies (e.g., the National Center for Education Statistics, the National Center for Health Statistics);
- Universities (e.g., the University of Michigan); and
- Education organizations (e.g., the College Board).

Mr. Istook: Is the information the Goals Panel publishes available from other Government or non-governmental sources?

Mr. Nelson: Some of the information published by the Goals Panel in its annual reports is available from other sources. For example, the Goals Panel uses the National Assessment of Educational Progress (NAEP) as its primary source of student achievement data to monitor progress toward Goal 3: Student Achievement and Citizenship. For each state and the nation, the Panel presents the percentage of students who scored at the Proficient level or higher in each subject area. The reader could find the same information in individual NAEP reports, but would have to consult at least seven separate reports for this information alone (i.e., NAEP reading, writing, mathematics, science, history, geography, and civics reports). The Goals Panel summarizes this information in one document.

In some cases, data published in the annual Goals Reports cannot be found anywhere else. Although the Goals Panel was not designed to be a federal statistical agency and does not collect its own data, it does perform some of its own unique analyses of data that have been collected by others. An example is the Children's Health Index, an indicator of progress toward Goal 1: Ready to Learn. The Children's Health Index analyzes birth certificate data to measure the percentage of infants born with one or more of four health risks found to be related to children's later health status and educational performance. This indicator was developed specifically for the Goals Panel's use.

Mr. Istook: How far did the nation fall short in reaching each of the National Education Goals?

Mr. Nelson: It is important to note that the Goals Panel is awaiting a number of critical end-of-decade updates in key areas such as mathematics and science achievement and teacher education and professional development. These data are being updated during 1999 and 2000. Since the most recent data available in these areas were collected mid-decade, we cannot yet say how close the nation and the states actually came to achieving the National Education Goals that were set for the year 2000. The Panel will be able to make more definitive statements in its next status report.

The most recent data available indicate that much remains to be accomplished if we are to attain the challenging levels of performance envisioned by President Bush and the national's governors in 1990, when the National Education Goals were established. Progress has not been uniform across the Goals or across the states. Nevertheless, we do already know that the nation has improved its educational performance in several important areas. Since the Goals were established, we have seen significant declines in the proportion of infants born with health risks, and significant increases in immunization rates among 2-year-olds. More parents are reading and telling stories regularly to young children. The gap in preschool participation rates between children from high-income and low-income families has narrowed. More 8th graders are proficient in reading, and more 4th, 8th, and 12th graders are proficient in mathematics. The proportion of

college degrees awarded in mathematics and science has increased for minority students and female students, as well as for all students. The percentage of students who report that they have been threatened or injured at school has decreased.

We also know that some individual states have made remarkable progress toward the Goals, and that some have made progress in multiple areas. Fifty states have increased the percentage of mothers receiving early prenatal care. Forty-nine states have increased the proportion of children with disabilities participating in preschool. Thirteen states have reduced their high school dropout rates. Twenty-seven states have increased the percentage of 8th graders who are proficient in mathematics. Fifty states have increased the proportion of scores on Advanced Placement examinations that are high enough to qualify for college credit. Thirty-nine states have increased the percentage of their high school graduates who immediately enroll in college. Seventeen states have witnessed a significant increase in the influence of parent associations on public school policies. And 23 states have made significant improvements toward the National Education Goals on ten or more measures of progress.

Mr. Istook: What is the total amount of funds that has been spent by the Goals Panel since its inception?

Mr. Nelson: The total amount of funds that has been spent by the Goals Panel since its inception is $17, 676,227 through fiscal year 2000.

Mr. Istook: How much of those funds have been spent on personnel?

Mr. Nelson: The total amount of those funds that has been spent on personnel is $6,921,771 through fiscal year 2000.

Mr. Istook: How much is each of the top 5 salaried officials paid that work for the goals panel?

Mr. Nelson: The top 5 salaried officials that work for the Goals Panel are paid $480,429.

Mr. Istook: Please provide a list of all consultants who are paid with funds appropriated to the Panel at a GS 15 step 10 rate or higher, which includes personal service contracts (including Federal Acquisition Regulations part 37 that include advisory and assistance personal and non-personal service contracts), and their compensation, including any non-cash benefits, over the last two years.

Mr. Nelson: The Panel does not use the services of consultants, including personal service contracts, advisory and assistance personal and non-personal service contracts.

Mr. Istook: Please provide a description of the responsibilities and duties these consultants carry out.

Mr. Nelson: As indicated above, the Panel does not use the services of consultants.

Mr. Istook: If the Panel pays for the transportation, food, or lodging of these consultants, please provide a total amount paid for each consultant, on a person-by-person basis, over the past two years. Provide a copy of the federal law that authorizes the hiring of these consultants at this rate of pay.

Also, please compare these contracts with other private sector contracts.

Mr. Nelson: As indicated above, the Panel does not use the services of consultants.

Mr. Istook: Please provide a list of all contracts awarded, since October 1, 1995, to perform public relations support services, opinion surveys, or focus groups. This should include the following:

- The company receiving the contract;
- The dollar amount of the contract;
- The dates of work;
- The results of any opinion surveys or focus groups.

Mr. Nelson: The following table summarizes all contracts awarded, since October 1, 1995, to perform public relations support services, opinion surveys, or focus groups.

NATIONAL EDUCATION GOALS PANEL
Teleconference and Media Awards
Fiscal Years 1996-2000

FISCAL YEAR	AMOUNT	CONTRACTOR	PERIOD OF PERFORMANCE
1996	$1,500.00	HAGER SHARP	01/31/96 TO 02/03/96
1996	1,500.00	HAGER SHARP	05/31/96 TO 06/18/96
1997	9,923.63	HAGER SHARP	10/07/96 TO 12/17/96
1997	29,000.00	HAGER SHARP	03/11/97 TO 03/11/98
1998	6,500.00	HAGER SHARP	01/06/98 TO 09/14/98
1998	7,500.00	HAGER SHARP	12/22/97 TO 04/27/98
1998	100,000.00	WIDMEYER BAKER	06/25/98 TO 06/25/99
1999	90,000.00	HAGER SHARP	05/25/99 TO 04/30/00
1999	86,000.00	HAGER SHARP	05/25/99 TO 04/30/00
1999	6,000.00	HAGER SHARP	09/20/99 TO 12/10/99
2000	14,000.00	HAGER SHARP	04/03/00 TO 04/30/00
2000	10,000.00	HAGER SHARP	04/01/00 TO 04/14/00
2000	5,000.00	HAGER SHARP	04/12/00 TO 05/15/00
	$366,923.63	**TOTAL**	
	$73,384.73	**YEARLY AVERAGE**	

Mr. Istook: Describe the new information the Goals Panel develops that is not already available from other sources.

Mr. Nelson: Examples of unique analyses and tabulations of data in the Goals Panel's reports include the following:

a) The Children's Health Index, which is used to monitor the proportion of infants born with one or more of four health risks;
b) The proportion of children with disabilities served in preschool;
c) The proportion of degrees earned by all students, female students, and minority students that were awarded in mathematics and science;
d) Cohort analyses of growth in reading achievement from the 4th to the 8th grades that enable states to compare the educational growth of groups of students over time; and
e) State-to-state comparisons that indicate for any given state:
   - which states had significantly higher percentages of students who were at or above Proficient in mathematics and science on the National Assessment of Educational Progress;
   - which states had similar percentages of students at or above Proficient, and

- which states had significantly lower percentages of students who were at or above Proficient.

Mr. Istook: The information you do publish is often three or more years behind the date of publication. Who could use this outdated information, and how is it used?

Mr. Nelson: The Goals Panel uses 27 national and 34 state-level indicators to measure progress toward the eight National Education Goals. Each year the Goals Panel reports *the most recent data available* on each of the indicators, across all of the Goals. The most recent data are repeated in each successive report until an update becomes available. As soon as the update becomes available, the Panel replaces the old data with the update. Since only about 1/3 of the indicators in the Goals Report can be updated annually, each year's report will by necessity repeat some old data.

This does not mean that all education data need to be updated annually, nor that data updated less frequently are not useful. Policymakers use data from NAEP, for example, to benchmark their state's performance against other states, the nation, and other countries, even though NAEP data are collected on 4-year cycles. Policymakers cannot do this with their own state achievement tests because, unlike NAEP, the data are not comparable across states.

Nevertheless, the Goals Panel is in agreement that (a) some of the data that appear in the annual Goals Reports should be collected more frequently, and (b) some of the data should be analyzed and made available to the Goals Panel more rapidly. In February the Panel appointed a *Measuring Success Task Force*, to be chaired by former Maine Governor John McKernan, Jr., to recommend ways in which education data collection and reporting should be improved in order to be more useful to policymakers and the public.

Mr. Istook: What specific policy impact has the Goals Panel had on American Education?

Mr. Nelson: This was one of the questions that the Panel invited its advisors to address in papers and presentations prepared for *"Message 2000"* and the *10th Anniversary Building on the Momentum Conference.* They felt that the Panel had contributed to focusing educational reform on assessing results, and sustaining bipartisan support for reforms (like standards-based reform) necessary to improve education and reach education goals. The Panel has also supported the use of reliable data to benchmark states' performance, identified promising practices on the basis of statewide (as opposed to project-level) data, and helped bring education improvement efforts to scale.

Concretely, the Panel's call for better data on Goal 1: Ready to Learn contributed to the data now available in NCES' Early Childhood Longitudinal Study.

The Goals Panel's various publications on Goal 1 have helped to bring together the early childhood community, link it to those concerned with K-12 education, and offer guidance on assessment issues related to young children. Its call for standards with which to encourage and measure academic achievement (Goal 3) contributed to states' widespread development of such standards. Its use of data from the Third International Mathematics and Science Study (TIMSS) contributed to state knowledge and use of data on how U.S. and the states' education performance compares to that of other nations (Goal 5). Its ongoing publications in the *Lessons from the States* series have identified policy lessons from high-performing and rapidly improving states through a set of case studies (on Connecticut, Texas, and North Carolina) and policy snapshots (in the *Promising Practices* series).

NATIONAL EDUCATION

GOALS PANEL

CONGRESSIONAL BUDGET REQUEST
FISCAL YEAR 2001

NATIONAL EDUCATION GOALS PANEL

FY 2001 BUDGET REQUEST

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OVERVIEW

The bipartisan National Education Goals Panel was established on October 1, 1990, following the historic Education Summit held in Charlottesville, Virginia, in September of 1989. President Bush and the Nation's Governors agreed that establishing National Education Goals would capture the attention and resolve of Americans to restructure our schools and increase student performance. But they also recognized that adopting Education Goals would ultimately prove an empty gesture without monitoring and reporting on progress toward their achievement. To fulfill this commitment, the July 31, 1990, Joint Statement by President Bush and the Nation's Governors established the process for identifying measures of performance and reporting on progress. The National Education Goals Panel was charged with overseeing the development and implementation of a reporting system for measuring national and state progress toward achieving the Goals.

The Panel was initially established as an advisory Panel under the provisions of the Federal Advisory Committee Act, by charter signed by the Assistant to the President for Economic and Domestic Policy. From its inception through fiscal year 1991, the Panel was provided administrative servicing by the Office of Policy Development, Executive Office of the President, through an inter-agency transfer of funds from the U.S. Department of Education. Beginning with fiscal year 1992, the U.S. Department of Education provided these administrative services and funds directly, until 1994, when the Panel became an independent agency in the Executive Branch of the Federal Government established by Public Law 103-227, the *Goals 2000: Educate America Act*. Public Law 103-227 added two additional Goals to the original six.

The eight National Education Goals state, by the year 2000:

1. All children in America will start school ready to learn;
2. The high school graduation rate will increase to at least 90 percent;
3. All students will leave grades 4, 8, and 12 having demonstrated competency over challenging subject matter;
4. The Nation's teaching force will have access to programs for the continued improvement of their professional skills;
5. United States students will be first in the world in mathematics and science achievement;
6. Every adult American will be literate and will possess the knowledge and skills necessary to compete in a global economy;
7. Every school in the United States will be free of drugs, violence, and the unauthorized presence of firearms and alcohol and will offer a disciplined environment conducive to learning; and
8. Every school will promote partnerships that will increase parental involvement and participation in promoting the social, emotional, and academic growth of children.

The Panel's primary responsibilities are to: (1) monitor, analyze and report on National and State progress toward achieving the eight National Education Goals; (2) work with states to develop and implement high academic standards and assessments; (3) identify and report promising practices, and provide assistance to states with their progress reports; and (4) build a bipartisan consensus on reforms and strategies necessary to achieve the Goals.

The intent of the Charlottesville Joint Statement was to build on the constructive bipartisan partnership between the President and the Governors and create momentum and commitment for education improvement in the states and communities of the country. The Panel has maintained its bipartisan partnership. Its 18 members include: eight governors, appointed by the Chair of the National Governors' Association in consultation with its Vice-Chair; two members of the U.S. Senate, designated by its Majority and Minority leaders; two Members of the U.S. House of Representatives, designated by its Majority and Minority leaders; four members of state legislatures appointed by the President of the National Conference of State Legislatures; and two senior-level Federal Executive Branch officials appointed by the President. The 1999 chair of the Panel is Paul Patton, Governor of Kentucky. (Refer to Appendix A for membership, past and present.)

As established by legislation, the Panel is committed to these FY2001 strategic performance objectives and results to achieve.

STRATEGIC PERFORMANCE OBJECTIVES

Monitor, Analyze and Report on National and State Progress toward Goal Achievement

- Publish an annual report summarizing an assessment of progress by the states and the nation toward achieving the Goals. This report will include data and be clearly understandable to parents and the general public. Because the Goals are targeted to the year 2000 and the 2000 data will not be made available until 2001 there will be two special data volumes, national and state, which will summarize 10 years of progress.

- Prepare specialized, but short, reports aimed at audiences concerned with individual Goals or specialized subject areas. There will be a special early childhood report for the year 2000.

- Recommend strategies to improve the collection and use of data by policymakers, educators and the general public, including the use of electronic technology.

- Analyze the national and state data to provide valid interpretations about progress toward Goal achievement and share that information with the public, educators and policymakers. There will be a special Report, which will

present the ten year data trends and accomplishments of the states toward the Goals.

Work with States to Develop and Implement High Academic Standards and Assessments

- Produce a profile of Lessons from the States that will provide guidance and feedback to other states as they develop and implement high academic standards and assessments.
- Provide information and assistance for state and local policy-makers and the public on how to develop and implement high academic standards.
- Offer guidance to policy-makers and the public on assessment systems that can track student progress toward defined benchmarks in order to inform parents and educators and insure accountability for schools and school systems.
- Develop and publish recommendations on the improvement of early childhood assessment.

Identify and Report Promising Practices and Provide Assistance on State Progress Reports

- Identify communities and states which exemplify high performance in student achievement.
- Profile those states and communities that are effectively implementing high academic standards and assessments.
- Highlight those states and communities which are making significant progress toward realizing the National Education Goals.
- Encourage state and local reporting of relevant data on system and student achievement.
- Provide limited technical assistance to states on how they can improve their progress reports.
- Work with other organizations to recognize those states which do an exemplary job of reporting to the public about system and student achievement.

Build a Bipartisan Consensus on Reforms and Strategies Necessary to Achieve the Goals

- Conduct regional hearings to outline and develop state strategies for achieving each Goal and all Goals.
- Work with all people and organizations interested in education improvement guided by national/state education goals, reporting and accountability.
- Build on the bipartisan membership of the Panel to engage all governors, state legislators and others in significant education improvement efforts, guided by education goals and reporting.
- Use the end of the decade as an opportunity to evaluate the effectiveness of setting education goals with measurable indicators, reporting on progress toward achieving them and the impact of the goals process on education improvement.

RESULTS TO ACHIEVE

Activity 1: Reporting

Result 1: Publish an annual report on Goal achievement
Result 2: Publish specialized short reports on specific Goals
Result 3: Analyze the Goals Report data for policymakers and the public
Result 4: Reiterate support for useful data collection
Result 5: Publish a ten-year, 1990-2000 national data volume
Result 6: Publish a ten-year, 1990-2000 state data volume

Activity 2: Standards and Assessments

Result 1: Publish a profile Lessons from the States
Result 2: Convene an Advisory Group to assist states and communities on the implementation of high academic standards and assessments
Result 3: Develop and publish recommendations for early childhood assessment

Activity 3: Promising Practices and State Progress Reports

Result 1: Identify and acknowledge high performance communities and states
Result 2: Profile those communities, which are effectively implementing high academic standards and assessments
Result 3: Highlight those states, which make significant progress toward the Goals
Result 4: Provide assistance to states on their progress reports

Result 5: Recognize those states, which have exemplary reports

Activity 4: Bipartisan Consensus for Education Improvement

Result 1: Build on the bipartisan strengths of the Panel to better achieve education improvement

Result 2: Use the bipartisan membership of the Panel to work with all governors and state legislators

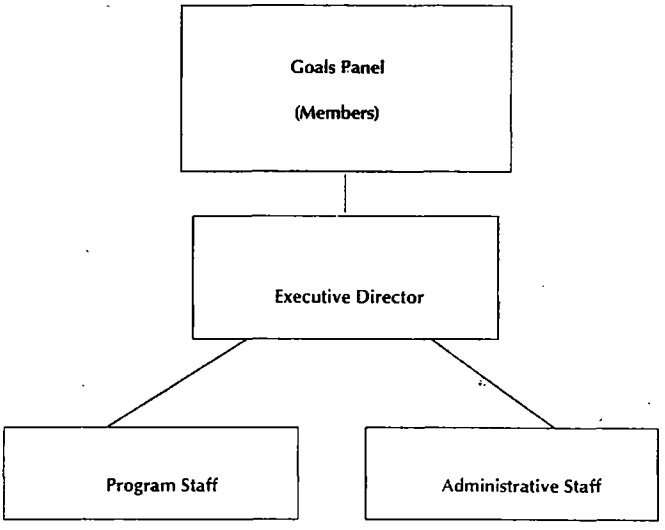
Result 3: Evaluate the effectiveness of setting education goals and reporting on their progress as an accountability tool

SUMMARY OF REQUEST

For Fiscal Year 2001, the Panel is requesting an appropriation of $2,350,000. This request is $100,000 more than our Fiscal Year 2000 request, (The appropriation for FY2000 was $2,250,000, for FY '99 it was $2,100,000, for FY98 it was $2,000,000, for FY97 it was $1,495,000, for FY96 it was $994,000 and for FY95 it was $2,321,000). This amount includes funds for legislated responsibilities, which include data collection and dissemination.

The major FY2001 expenses to support the Panel are: data collection and analysis budgeted at $343,000; printing the Annual Report budgeted at $331,200; printing other Goals Panel publications budgeted at $159,000; travel budgeted at $95,000; meetings and conference budgeted at $30,000; commissioned papers and outreach and dissemination activities budgeted at $220,000; personnel compensation and benefits budgeted at $858,353; office rent budgeted at $95,928; an interagency administrative servicing agreement budgeted at $83,700; miscellaneous contractual services budgeted at $70,000; and general administrative office expenses budgeted at $42,819.

ORGANIZATION CHART



PROPOSED APPROPRIATIONS LANGUAGE

NATIONAL EDUCATION GOALS PANEL

Salaries and Expenses

For expenses necessary for the National Education Goals Panel as authorized by title II, part A of the Goals 2000: Educate America Act, $2,350,000.

BUDGET AUTHORITY AND STAFFING

Salaries and Expenses

	FY 2000	FY 2001 Request
Budget Authority	2,250,000	2,350,000
FTE	9	9

FY2001 BUDGET BY PERFORMANCE OBJECTIVES
(in thousands)

REPORTING ON PROGRESS TOWARD GOAL ACHIEVEMENT:

a). Printing Data Report.....$ 331.2
b). Data Collection.....343.0
c). Electronic Dissemination.....30.0

Total: Report on Achieving the Goals $704.2

WORKING WITH STATES ON ACADEMIC STANDARDS AND ASSESSMENTS:

a). Printing Lessons from the States.....$ 100.0
b). State Outreach Meetings and
Task Forces on Lessons from
the States..... 24.0
Total: Academic Standards ..... $ 124.0

IDENTIFYING PROMISING PRACTICES AND ASSISTING WITH PROGRESS REPORTS:

a). Printing Promising Academic and
Reporting Practices.....$ 50.0
b). Resource Group and State
Partnership Meetings 24.0

Total: Promising Practices..... $ 74.0

BUILDING A BIPARTISAN CONSENSUS:

a). Panel Meetings .....$ 24.0
b). Working Group Meetings 23.0
c). Printing, Focus Groups and
Exhibitions.....250.0

Total: Building a Bipartisan Consensus..... $297.0

ADMINISTRATION:

a). Civilian Compensation/Benefits $858.4
b). Inter-agency Support Agreement.....83.7
c). GSA Space Rental.....95.9
d). Contractual Services.....70.0
e). Training-Tuition.....1.0
e). Supplies/Equipment.....41.8

Total: Administration.....$1,150.8

Total Budget Request..... $2,350.0

ANALYSIS OF CHANGES: FY 2000 to FY 2001

	FY 2000	FY 2001	Change
Full Time Permanent	410,028	437,712	+ 27,684
Full Time Temporary	263,280	268,905	+ 5,625
Civilian Pay Benefits	150,233	151,736	+ 1,503
Travel	83,000	95,000	+ 12,000
Messenger Services	15,000	16,000	+ 1,000
Rental to GSA	95,928	95,928	
Printing	460,100	481,200	+ 21,100
Contractual Services[1]	300,000	320,000	+ 20,000
Training-Tuition-Fees	1,000	1,000	
Inter-agency Support	83,700	83,700	
ADP Services & Contracts	30,000	30,000	
Data Contract	333,000	343,000	+ 10,000
Equipment Repairs/Maintenance	8,670	8,670	
Supplies/Equipment	16,061	17,149	+ 1,088
Total Obligations	**2,250,000**	**2,350,000**	**+100,000**
[1]Contractual Services			
Meeting Facilities	30,000	30,000	
Dissemination	200,000	220,000	+ 20,000
Miscellaneous	70,000	70,000	
Total, Contractual Services	**300,000**	**320,000**	**+ 20,000**

PERSONNEL SUMMARY

Estimated FY 2000 Positions	Grade or Equivalent
Executive Director	Executive Level V (Excepted Appointment)
Senior Education Associate	GS 15 (Excepted Appointment)
Education Program Specialist	GS 15
Education Program Specialist	GS 15
Executive Officer	GS 15
Education Associate	GS 11 (Excepted Appointment)
Education Program Specialist	GS 09
Management and Program Analyst	GS 12
Secretary (Office Automation)	GS 07

Requested FY 2001 Positions	Grade or Equivalent
Executive Director	Executive Level V (Excepted Appointment)
Senior Education Associate	GS 15 (Excepted Appointment)
Education Program Specialist	GS 15
Education Program Specialist	GS 15
Executive Officer	GS 15
Education Associate	GS 12 (Excepted Appointment)
Education Program Specialist	GS 11
Management and Program Analyst	GS 12
Secretary (Office Automation)	GS 08

APPROPRIATIONS HISTORY

Salaries and Expenses

Fiscal Year	Budget Authority
1995	$2,321,000
1996	$ 994,000
1997	$1,495,000
1998	$2,000,000
1999	$2,100,000
2000	$2,250,000

NARRATIVE JUSTIFICATION

The National Education Goals Panel's budget request for FY 2001 is $2,350,000. This request is divided into four distinct performance objectives plus administration. The four objectives are: monitoring, analyzing and reporting on national and state toward achievement of the eight National Education Goals; working with states to develop and implement high academic standards and assessments; identifying and reporting promising practices and assisting states with their progress reports; and building a bipartisan consensus on reforms and strategies necessary to achieve the Goals. A detailed breakdown and justification of this request is as follows:

REPORT ON PROGRESS TOWARD GOAL ACHIEVEMENT

One of the primary functions of the Goals Panel is to monitor, analyze and report national and state progress toward the National Education Goals. The *Goals 2000: Educate America Act* (PL 103-227) requires the Goals Panel to issue an annual report to the President, the Secretary of Education, the appropriate committees of Congress and the Governor of each state. In addition, the report is issued to state legislators, educators, businesses, parents and the general public. The legislation specifies that these reports must include data, which are understandable to parents and the general public.

To carry out this legislative charge, the Goals Panel issues an annual data contract. The contractor provides statistical support services to the Panel and is responsible for collecting and analyzing the data, which are used in the annual national and state reports. Because the National Education Goals cover a broad range of educational issues (e.g., children's health care, student drug use, school violence, workforce training, etc.), data are collected from a variety of sources, including: individual states, universities, education organizations, and numerous Federal agencies (e.g., National Center for Education Statistics, National Center for Health Statistics, Bureau of Labor Statistics, Centers for Disease Control and Prevention, National Science Foundation, and Census Bureau, etc.). The Report documents have included a National Data Volume, a State Date Volume, a Core Report, and an Executive Summary. In addition to hard copies the documents have been put on CD-ROM and the Internet/World Wide Web, http/www.negp.gov.

Increasingly, a wide variety of national, state and local audiences of individuals and organizations have requested the various Report documents. They have also requested the Reports in different formats. In FY2001 we will be disseminating the Reports in printed form and on the World Wide Web. In addition, the Panel is always attempting to make the documents more user-friendly. Therefore, feedback forms, customer surveys and focus

groups will be conducted to design, develop and present more readable formats to the reader.

The Panel will publish a national and state data ten year report including multiple indicators not reported since 1994. This will illustrate progress since 1990 with additional data points through the year 2000.

To achieve this objective in FY2001, we are requesting $704,200; including $331,200 to print the Report; $343,000 for data collection, analysis and statistical support services; and $30,000 to electronically disseminate the reports and other publications.

WORK WITH STATES ON HIGH ACADEMIC STANDARDS AND ASSESSMENTS

The Goals Panel has had a long-standing commitment to the promotion of high academic standards and assessments believing that without them Goal 3, the core academic goal, will not be achieved.

By effectively working with states and communities, the Panel, because of its unique structure and mission, has become a significant catalyst in the promotion of high academic standards and assessments. We have provided resources and guidance on the definition and significance of content and performance standards, inventoried what organizations are working on the development of standards and what they are doing; and profiled all state assessments systems and the results which they report.

The Panel will continue its collaborative activities to assist and encourage states to continue the development of clear academic standards with appropriate assessments. The Panel will continue its series of publications, *Lessons from the States*, illustrating how the states are progressing toward Goal achievement.

To achieve this objective, we will provide publications, workshops and other services to states and local communities. This will require $124 thousand for FY2001: $100 thousand for printing Lessons from the States; $24 thousand for state outreach meetings and task forces on Lessons from the States.

IDENTIFY AND REPORT PROMISING PRACTICES and ASSIST STATES WITH THEIR PROGRESS REPORTS

In previous years the Panel reported how schools throughout the country have developed the most promising family involvement programs, analyzed and reported how some states are moving toward Goal achievement and worked with the states and other organizations to promote effective reporting toward Goal achievement at the state and local level.

As it approaches the end of the decade the Panel will have more data by which to identify promising practices at state and local level. These promising practices will then be highlighted in the Panels publications and on its web site.

We will continue to assist states as they report their progress toward Goal achievement to their own constituencies. An advisory group of state and local representatives who have created exemplary reports will be convened to guide the development and distribution of a report on best reporting practices. It will provide examples and assistance to those states and communities who have not yet developed reports or who want to improve.

The Panel will continue to provide technical assistance to the National Governors' Association as it annually recognizes those states with exemplary reports on student and system performance.

To achieve this objective we are requesting $74 thousand for FY2001: $50 thousand for publications to characterize promising practices; $24 thousand to convene resource group and state partnership meetings.

BUILD A BIPARTISAN CONSENSUS TOWARD GOAL ACHIEVEMENT

Legislation mandates that the Goals Panel help build a national consensus for education improvement. Conscious of this mandate, the bipartisan, intergovernmental Panel meets at least four times each year to develop policies and actions that promote the consensus agenda toward education improvement. Because the panel is evenly balanced between Democrats and Republicans and because it has eight governors and four state legislators it is seen as an unbiased catalyst on state education improvement initiatives. The Panel uses its meetings and the release of its publications as opportunities to keep the agenda of education improvement alive and advancing in the states.

One of the ways the Panel does this is by continually producing information that can help parents, educators, and state and local policymakers understand how far we are from our targets and what will be required to improve performance. The Panel plans to issue smaller reports throughout the year for target audiences such as parents, teachers, school administrators, and business and community leaders to engage them in the process of education improvement. These reports also will make extensive use of education data, generated by the annual report.

As it approaches the end of the decade, the Panel will assess the impact of setting national education goals and reporting on their progress as an accountability tool for education improvement. It will do this through bipartisan focus groups of policymakers at national, state and local levels; educators; parents and the public; and those people who were early advisers and participants on the Panel. Information from interviews, surveys and customer

feedback will also be sought. These recommendations will be presented to the panel by the year 2001 for its consideration and the development of its strategy for the next decade.

To achieve this objective we are requesting $297,000 in FY2001; including $24 thousand for Panel meetings; $23 thousand for Working Group meetings; $250,000 for printing, focus groups, and exhibitions.

ADMINISTRATION

For administrative services during FY2001 we are requesting $1,150,800; including $858,400 for personnel compensation and benefit expenses; $95,900 for GSA space rental; $112,800 for miscellaneous office expenses; and $83,700 for an interagency support agreement with the US Department of Education.

NATIONAL EDUCATION GOALS PANEL

1999 LIST OF MEMBERS

Honorable Paul E. Patton, Chair
1999
Governor of Kentucky (D)

Honorable Jeff Bingaman
State of New Mexico
U.S. Senate (D)

Honorable G. Spencer Coggs
State Representative (D) Wisconsin

Honorable Mary Lou Cowlishaw
State Representative (R) Illinois

Honorable John Engler
Governor of Michigan (R)

Honorable Jim Geringer
Governor of Wyoming (R)

Honorable William F. Goodling
State of Pennsylvania
U.S. House of Representatives (R)

Honorable James B. Hunt, Jr.
Governor of North Carolina (D)

Honorable James Jeffords
State of Vermont
U.S. Senate (R)

Honorable Douglas R. Jones
State Representative (R) Idaho

Honorable Frank Keating
Governor of Oklahoma (R)

Honorable Matthew G. Martinez
State of California
U.S. House of Representatives (D)

Honorable Frank L. O'Bannon
Governor of Jndiana (D)

Honorable Paul E. Patton
Governor of Kentucky (D)

Honorable Richard W. Riley
Secretary
U.S. Department of Education (D)

Honorable Stephen Stoll
State Senator (D) Missouri

Honorable Tommy G. Thompson
Governor of Wisconsin (R)

Honorable Cecil H. Underwood
Governor of West Virginia (D)

NATIONAL EDUCATION GOALS PANEL

1998 LIST OF MEMBERS

Honorable Cecil Underwood, Chair
1998
Governor of West Virginia (R)

Honorable Jeff Bingaman
State of New Mexico
U.S. Senate (D)

Honorable G. Spencer Coggs
State Representative (D) Wisconsin

Honorable Ronald Cowell
State Representative (D) Pennsylvania

Honorable Mary Lou Cowlishaw
State Representative (R) Illinois

Honorable John Engler
Governor of Michigan (R)

Honorable William F. Goodling
State of Pennsylvania
U.S. House of Representatives (R)

Honorable William Graves
Governor of Kansas (R)

Honorable James B. Hunt, Jr.
Governor of North Carolina (D)

Honorable James Jeffords
State of Vermont
U.S. Senate (R)

Honorable Douglas R. Jones
State Representative (R) Idaho

Honorable Matthew G. Martinez
State of California
U.S. House of Representatives (D)

Honorable Paul E. Patton
Governor of Kentucky (D)

Honorable Richard W. Riley
Secretary
U.S. Department of Education (D)

Honorable Roy Romer
Governor of Colorado (D)

Honorable Tommy G. Thompson
Governor of Wisconsin (R)

Honorable Christine Todd Whitman
Governor of New Jersey (R)

NATIONAL EDUCATION GOALS PANEL

1997 LIST OF MEMBERS

Honorable James B. Hunt, Jr., Chair
1997
Governor of North Carolina (D)

Honorable Jeff Bingaman
State of New Mexico
U.S. Senate (D)

Honorable G. Spencer Coggs
State Representative (D) Wisconsin

Honorable Ronald Cowell
State Representative (D) Pennsylvania

Honorable Mary Lou Cowlishaw
State Representative (R) Illinois

Honorable John Engler
Governor of Michigan (R)

Honorable William F. Goodling
State of Pennsylvania
U.S. House of Representatives (R)

Honorable William Graves
Governor of Kansas (R)

Honorable James Jeffords
State of Vermont
U.S. Senate (R)

Honorable Douglas R. Jones
State Representative (R) Idaho

Honorable Dale Kildee
State of Michigan
U.S. House of Representatives (D)

Honorable Paul E. Patton
Governor of Kentucky (D)

Carol H. Rasco
Senior Advisor to the Secretary
U.S. Department of Education (D)

Honorable Richard W. Riley
Secretary
U.S. Department of Education (D)

Honorable Roy Romer
Governor of Colorado (D)

Honorable Tommy G. Thompson
Governor of Wisconsin (R)

Honorable Cecil Underwood
Governor of West Virginia (R)

Honorable Christine Todd Whitman
Governor of New Jersey (R)

NATIONAL EDUCATION GOALS PANEL

1995-1996 LIST OF MEMBERS

Honorable John Engler, Chair
1995-1996
Governor of Michigan (R)

Honorable Evan Bayh
Governor of Indiana (D)

Honorable David M. Beasley
Governor of South Carolina (R)

Honorable Anne Barnes
State Representative (D) North Carolina

Honorable Jeff Bingaman
State of New Mexico
U.S. Senate (D)

Honorable G. Spencer Coggs
State Representative (D) Wisconsin

Honorable Robert T. Connor
State Senator (R) Delaware

Honorable Daniel Kirkwood Fordice, Jr.
Governor of Mississippi (R)

Honorable William F. Goodling
State of Pennsylvania
U.S. House of Representatives (R)

Honorable James B. Hunt, Jr.
Governor of North Carolina (D)

Honorable Jim Jeffords
State of Vermont
U.S. Senate (R)

Honorable Douglas R. Jones
State Representative (R) Idaho

Honorable Dale Kildee
State of Michigan
U.S. House of Representatives (D)

Carol H. Rasco
Assistant to the President
for Domestic Policy
The White House (D)

Honorable Richard W. Riley
Secretary
U.S. Department of Education (D)

Honorable John Rowland
Governor of Connecticut (R)

Honorable Roy Romer
Governor of Colorado (D)

Honorable Christine Todd Whitman
Governor of New Jersey (R)

NATIONAL EDUCATION GOALS PANEL

1994-1995 LIST OF MEMBERS

Honorable Evan Bayh, Chair
1994-1995
Governor of Indiana (D)

Honorable Anne C. Barnes
State Representative (D) North Carolina

Honorable Jeff Bingaman
State of New Mexico
U.S. Senate (D)

Honorable Arne H. Carlson
Governor of Minnesota (R)

Honorable Thad Cochran
State of Mississippi
U.S. Senate (R)

Honorable G. Spencer Coggs
State Representative (D) Wisconsin

Honorable Robert T. Connor
State Senator (R) Delaware

Honorable Jim Edgar
Governor of Illinois (R)

Honorable John Engler
Governor of Michigan (R)

Honorable Daniel Kirkwood Fordice, Jr.
Governor of Mississippi (R)

Honorable William F. Goodling
State of Pennsylvania
U.S. House of Representatives (R)

Honorable James B. Hunt, Jr.
Governor of North Carolina (D)

Honorable Douglas R. Jones
State Representative (R) Idaho

Honorable Dale E. Kildee
State of Michigan
U.S. House of Representatives (D)

Carol H. Rasco
Assistant to the President
for Domestic Policy
The White House (D)

Honorable Richard W. Riley
Secretary
U.S. Department of Education (D)

Honorable Roy Romer
Governor of Colorado (D)

Honorable Christine Todd Whitman
Governor of New Jersey (R)

NATIONAL EDUCATION GOALS PANEL

1993-1994 LIST OF MEMBERS

Honorable John R. McKernan, Jr., Chair
1993-1994
Governor of Maine (R)

Honorable Evan Bayh
Governor of Indiana (D)

Honorable Jeff Bingaman
State of New Mexico
U.S. Senator (D)

Honorable Terry E. Branstad
Governor of Iowa (R)

Honorable Carroll A. Campbell
Governor of South Carolina (R)

Honorable Arne H. Carlson
Governor of Minnesota (R)

Honorable Thad Cochran
State of Mississippi
U.S. Senator (R)

Honorable John Engler
Governor of Michigan (R)

Honorable William F. Goodling
State of Pennsylvania
U.S. Representative (R)

Honorable Dale E. Kildee
State of Michigan
U.S. Representative (D)

Honorable E. Benjamin Nelson
Governor of Nebraska (D)

Carol H. Rasco
Assistant to the President
for Domestic Policy
The White House (D)

Honorable Richard W. Riley
Secretary
U.S. Department of Education (D)

Honorable Roy Romer
Governor of Colorado (D)

NATIONAL EDUCATION GOALS PANEL

1992-1993 LIST OF MEMBERS

Honorable E. Benjamin Nelson, Chair
1992-1993
Governor of Nebraska (D)

Honorable Lamar Alexander
Secretary
U.S. Department of Education (R)

Honorable John Ashcroft
Governor of Missouri (R)

Honorable Evan Bayh
Governor of Indiana (D)

Honorable Jeff Bingaman
State of New Mexico
U.S. Senator (D)

Honorable Terry E. Branstad
Governor of Iowa (R)

Honorable Carroll A. Campbell, Jr.
Governor of South Carolina (R)

Honorable Thad Cochran
State of Mississippi
U.S. Senator (R)

Honorable Howard Dean
Governor of Vermont (D)

Honorable William F. Goodling
State of Pennsylvania
U.S. Representative (R)

Honorable Dale E. Kildee
State of Michigan
U.S. Representative (D)

Roger B. Porter
Assistant to the President for
Economic and Domestic Policy
The White House (R)

Honorable Barbara Roberts
Governor of Oregon (D)

Honorable Roy Romer
Governor of Colorado (D)

NATIONAL EDUCATION GOALS PANEL

1991-1992 LIST OF MEMBERS

Honorable Carroll A. Campbell, Jr., Chair
1991-1992
Governor of South Carolina (R)

Honorable Lamar Alexander
Secretary
U.S. Department of Education (R)

Honorable John Ashcroft
Governor of Missouri (R)

Honorable Evan Bayh
Governor of Indiana (D)

Honorable Terry E. Branstad
Governor of Iowa (R)

Honorable Richard G. Darman
Director
Office of Management and Budget
The White House (R)

Honorable Bob Dole (*ex officio*)
State of Kansas
U.S. Senator (R)

Honorable Booth Gardner
Governor of Washington (D)

Honorable Richard Gephardt
(*ex officio*)
State of Missouri
U.S. Representative (D)

Honorable Robert Michel
(*ex officio*)
State of Illinois
U.S. Representative (R)

Honorable George J. Mitchell (*ex officio*)
State of Maine
U.S. Senator (D)

Roger B. Porter
Assistant to the President
for Economic and Domestic Policy
The White House (R)

Honorable Roy Romer
Governor of Colorado (D)

Honorable John H. Sununu
Chief of Staff
The White House (R)

NATIONAL EDUCATION GOALS PANEL

1990-1991 LIST OF MEMBERS

Honorable Roy Romer, Chair
1990-1991
Governor of Colorado (D)

Honorable Carroll A. Campbell, Jr.
Governor of South Carolina (R)

Honorable Lamar Alexander
Secretary
U.S. Department of Education (R)

Honorable John Ashcroft
Governor of Missouri (R)

Honorable Evan Bayh
Governor of Indiana (D)

Honorable Terry E. Branstad
Governor of Iowa (R)

Honorable Richard G. Darman
Director
Office of Management and Budget
The White House (R)

Honorable Bob Dole (*ex officio*)
State of Kansas
U.S. Senator (R)

Honorable Booth Gardner
Governor of Washington (D)

Honorable Richard Gephardt
(*ex officio*)
State of Missouri
U.S. Representative (D)

Honorable Robert Michel
(*ex officio*)
State of Illinois
U.S. Representative (R)

Roger B. Porter
Assistant to the President
for Economic and Domestic Policy
The White House (R)

Honorable John H. Sununu
Chief of Staff
The White House (R)

Appendix B

Important Dates for the National Education Goals Panel

1989 to Present

1989

September — The President and 50 Governors convene an historic Education Summit at Charlottesville, Virginia, and agree to set education goals for the Nation.

1990

February — National Education Goals are announced by the President and adopted by the Governors. One of these Goals states that students will demonstrate competence in challenging subject matter and exercise the rights and responsibilities of citizenship; another Goal states that American students will be first in the world in math and science achievement.

July — The President and Governors form the National Education Goals Panel to issue annual reports on the progress of the nation and states toward the six Goals.

1991

March — Six resource groups of national experts suggest specific data that would objectively measure progress toward the Goals; and where good data did not yet exist, recommend what new information is needed. One of these recommendations is to measure progress against voluntary national education standards.

The Goals Panel releases *Measuring Progress Toward the National Education Goals: Potential Indicators and Measurement Strategies* which lists indicators that would best measure progress towards each of the Goals.

April/May — Governors host eight regional public hearings across the country, gathering comments from education associations and the public on the selection of indicators.

June — Congress establishes a National Council on Education Standards and Testing to explore the desirability and feasibility of establishing national education standards and a method to assess their attainment.

September — The Goals Panel releases its first annual report on national and state progress toward the Goals.

1992

January — The report *Raising Standards for American Education* is released, which advocates setting world-class education standards and a voluntary national system of assessments.

The Goals Panel releases *Gauging High Performance: How to Use NAEP to Check Progress on the National Education Goals.*

March

The Goals Panel is reconstituted to include representatives from Congress as voting members and equal numbers of Republicans and Democrats.

The National Education Goals Panel release *Reactions to the Goal 1 Technical Planning Subgroup Report on School Readiness.* The document summarizes reactions to the proposed creation of an early childhood assessment system, and in particular, to the in-school component of that system, consisting a kindergarten year assessment.

The Goals Panel releases *Statewide Student Record Systems: Current Status and Future Trends.* The report proposes the development of a Voluntary State/Local Student Record System involving standardized definitions of data elements and reporting formats at the local level.

July

The Goals Panel releases the *Goal 5 Technical Planning Subgroup on International Workforce Skills* which focuses on the relation between our national investments in education and training and the results of those investments in terms of our ability to compete in the economic area.

The Goals Panel issues a report on *The Task Force on Assessing the National Goal Relating to Post-secondary Education* which reflects the Task Force's advice to the Panel on its charge, which was to investigate post-secondary assessment.

The Goals Panel issues a report on *Assessing Citizenship, The Goal 3 Technical Planning Subgroup on Citizenship.* The report focuses on available indicators in these three areas in terms of needed definitions of what knowledge of citizenship is and how to demonstrate it.

September

The Goals Panel releases its second annual report on national and state progress toward the Goals.

1993

January

The Goals Panel releases *The Handbook for Local Goals* report, which was designed to guide individuals as they begin developing a local assessment of their community's progress toward the National Education Goals.

March

The Goals Panel releases its report, *Public Response to the 1992 Goals Report.* This document summarizes the public response to the Panel's call for feedback on its work. The result of this effort is used by Goals Panel staff to improve future Reports to meet better the educational information needs of the nation.

April

The Goals Panel releases the *Resolution on Core Data Elements for Administrative Record Systems* Report which notes that at the local level truly comparable indicators have not yet been developed. Such indicators can be a valuable tool both for monitoring local progress towards the Goals and in improving the quality of decisions about schools, classrooms, and students.

The Goals Panel issues a report entitled *Core Data Elements for Monitoring Progress Toward the National Education Goals.* The report describes the need for a national student data reporting system for assessing student's completion of school.

May The Goals Panel convenes an advisory group headed by Shirley Malcom of the American Association for the Advancement of Science to recommend review criteria and procedures that might be used to certify national education standards.

July The Goals Panel issues a report, *Achieving Educational Excellence by Increasing Access to Knowledge* which illustrates the use of network technology to help the nation and states achieve the National Education Goals.

September The Goals Panel hosts a public forum in St. Paul, MN with the Malcom group advisors to solicit public comment on education standards.

The Goals Panel releases its third annual report on national and state progress toward the Goals.

November The Malcom group submits its report, *Promises to Keep: Creating High Standards for American Students* to the Goals Panel. Panel members adopt a "statement of principles" endorsing voluntary academic national standards.

1994

January-March The Goals Panel requests the Council of Chief State School Officers and the National Alliance of Business to form task forces to comment upon Promises to Keep and extend the advice in it. Later, both a group of representatives from higher education and the standards development projects themselves are asked for their advice and comment.

March President Clinton signs the "Goals 2000: Educate America Act." The law codifies eight National Education Goals, adds state legislators to the Panel membership, and charges the Goals Panel with new responsibilities. It also establishes a National Education Standards and Improvement Council (NESIC) which, in conjunction with the Panel, will review and certify voluntary state and national education standards.

The Goals Panel holds public hearings on standards in Las Cruces and Albuquerque, New Mexico.

April The Goals Panel co-sponsors School-to-Work Teleconference with Goethe Institut.

The Goals Panel holds public hearings on standards in Pittsburgh, PA. First publication of Daily Report Card.

June The Goals Panel co-sponsors National Policy Forum on Adult Literacy.

September The Goals Panel releases its fourth annual report on national and state progres toward the Goals.

The Goals Panel releases the Community Action Toolkit.

The Goals Panel sponsors first in a series of teleconferences on achieving the Goals.

October The Goals Panel co-sponsors a conference with NAPSO on how to create safe disciplined and alcohol and drug-free schools.

December The Goals Panel co-sponsors conference with Goethe Institut on solutions violence and creates a Data Task Force.

1995

January The Goals Panel forms Resource groups on Goals 4 and 8.

March The Goals Panel contracts with Coalition for Goals 2000 for private area on Goal Line.

April The Goals Panel issues *The Report of the Goal Seven Task Force on Defining a Disciplined Environment Conducive to Learning.* The report defines the components of Goal 7 and addresses the seventh National Education Goal as a necessary condition and a logical precursor for accomplishing the other seven National Education Goals.

June The Goals Panel issues *Reconsidering Children's Early Development and Learning: Toward Common Views and Vocabulary.* The document lends greater specificity to each of the dimensions with the goal of ultimately achieving a common vocabulary that expresses current knowledge and common views about the needs of children and the nature of their development.

July The Goals Panel issues a *Report of the Goal 4 Teacher Education and Professional Development Resource Group.* The report discusses critical issues related to teacher education and professional development and recommends indicators for measuring progress to the Goals Panel.

The Goals Panel issues a *Report of the Goal 8 Parental Participation Resource Group.* The report recommends indicators and strategies for measuring progress towards achieving parental participation.

The Goals Panel issues *Inventory of Academic Standards Related Activities.* The report is an inventory of various organizations' activities relating to academic standards.

The Goals Panel issues the *Report of the Data Task Force* which ensures that data collection efforts are appropriate and directed toward filling the most critical data gaps in our knowledge about our educational progress. The report identifies and recommends strategies for filling the data gaps identified in the *1994 Goals Report* and makes data more useful to policy makers.

November The Goals Panel releases its fifth annual report on national and state progress toward the Goals in four volumes. They are 1) The National Education Goals Panel: Building a Nation of Learners (Core Report), 2) The National Data Volume, 3) The State Data Volume, and 4) The Executive Summary.

The Goals Panel releases its annual report on CD-ROM.

1996

June

The Goals Panel releases the *Profile of 1994-95 State Assessment Systems and Reported Results*. This *Profile* offers a snapshot of where state assessment systems are today. It is user's guide, answering some of the most basic questions about state systems. It describes some of the fundamental characteristics of current systems – such as the subjects and grades that are being tested and the stated purpose of the various assessments. It also describes selected reporting practices at the state level.

November

The Goals Panel releases its 6th annual Goals Report which focuses on two areas of education reform which are currently of great interest to states and local communities: standards and assessments. The Panel remains convinced that it will be impossible to achieve the Goals unless states and local communities demand more from their students by setting rigorous standards for student achievement and by designing new forms of assessment to determine whether students have mastered challenging subject matter. The good news is that the majority of states and a number of local school districts, both large and small, have been engaged in standards-setting and assessment development for quite some time. And those which are in the earlier stages of standards-setting and assessment development can expect increased support from the nation's Governors and business leaders, who pledged in March 1996 to help states set their own standards and develop assessments within the next two years.

"NEGP launches its web site, www.negp.gov."

1997

February

The Goals Panel releases *Getting a Good Start in School*, a document based on *Reconsidering Children's Early Development and Learning: Toward Common Views and Vocabulary.*

July

The Goals Panel releases *Implementing Academic Standards – Papers Commissioned by the National Education Goals Panel*, a report that includes information the Goals Panel assembled regarding standards implementation, especially in the areas of mathematics and science. The papers in this volume describe how states have recently implemented their standards, how textbooks and teaching could help students reach standards, and the resources and advice available from the professional organizations that developed national standards in mathematics and science.

November

The Goals Panel releases its 1997 Goals Report which highlights student achievement in mathematics and science, two of the core academic subjects in which we expect all students to demonstrate competency. The promising news is that more of our students in Grades 4, 8, and 12 are considered proficient or advanced in mathematics than students were six years earlier. In addition, more of our college graduates are receiving degrees in mathematics and science. We attribute much of this success to the work that states and professional organizations have done to set rigorous academic standards for students.

November *(Continued)*

"NEGP launches a newly redesigned web site, offering users the most up-to-date information on the eight National Education Goals, state-by-state comparisons, and access to NEGP's magazines – the NEGP Weekly and the NEGP Monthly – which provide up-to-the-minute coverage on what is being done to improve education in states and communities across the country."

1998

February

The Goals Panel releases *Ready Schools.* Ensuring that children start school ready to learn is vitally important. But ensuring that schools are ready for children is important as well. Recognizing that good education means both ready children and ready schools, the Goals Panel convened a special group of advisors and asked them to identify what makes a ready school. This report, *Ready Schools,* is a result of their efforts. It recommends ten specific approaches found in successful elementary schools and documented by research to be keys to ready schools.

The Goals Panel releases *Principles and Recommendations for Early Childhood Assessments.* In the Goals Panel's authorizing legislation, Congress charged the Panel to support the work of its Goal 1 Advisors and charged them to "create clear guidelines regarding the nature, functions, and uses of early childhood assessments." Over the last 2 years, NEGP's Goal 1 advisors have led the work of the Panel's Early Childhood Assessments Resource group. They conducted telephone interviews with the 50 states as to what current state and local assessment practices are. The report recognizes that policymakers need information, but that assessing young children presents special challenges that need to be taken into account. As the report says on page 5, "The principles and recommendations in this document are meant to help state and local officials meet their information needs well."

Governor Underwood establishes the "Future of the Goals" Task Force. Chaired by Governors James B. Hunt (NC) and John Engler (MI), its mission is to develop a set of recommendations to the Panel that will form the basis of the Panel's recommendations to Congress on reauthorization.

May

Recognizing the link between teacher quality and student achievement, the Goals Panel sends a letter to all governors, chief state school officers, and legislative chairs of education committees recommending six actions they adopt for pre-service teacher education, teacher licensure, professional development, and principals' training to help students reach high academic standards. Includes examples and contact information on related state and local initiatives.

July

The Goals Panel expands its web site to allow users to search its publications by field of interest. Also adds a section on promising programs organized by Goal area.

August

The Goals Panel releases *Review of State Content Standards in English Language Arts and Mathematics*. Realizing that there is confusion about how some groups have graded state standards (both the criteria and processes used), this publication offers an analysis of how the American Federation of Teachers (AFT), Council for Basic Education (CBE), and the Fordham Foundation judged state standards. Offers an explanation of the differences in the grades given among the three groups in the 1997-98 reviews.

September

The Goals Panel sends letters to every Governor and chief state school officer emphasizing the importance of data in decision-making. The letters identify areas where comparable state data is lacking and encourages states to participate in the surveys that generate the missing information. Governors and chiefs are also encouraged to have their states participate in the National Assessment of Educational Progress and in the TIMSS-Replication assessment.

October

Recognizing the value of the National Assessment of Educational Progress (NAEP) as a tool for policymakers to monitor educational progress over time, the Goals Panel releases *Mathematics and Science Achievement State by State, 1998*. This publication highlights the 28 states that have successfully raised student achievement in mathematics (according to NAEP), and the 14 states (according to a recent research study) that would be expected to perform at world-class levels of performance in science.

December

The Goals Panel releases the *1998 National Education Goals Report*. This publication provides the most recent picture of progress by the nation toward the National Education Goals. Also presents an analysis of the states that have made improvements over time, the top performing states, and the most improved states on a set of 33 indicators. In addition, the Goals Panel releases the *1998 Data Volume*, which provides more details on state progress toward the National Education Goals.

The Goals Panel releases *Promising Practices: Progress Toward the Goals*, which examines more closely those states that are considered the "top performers" or the "most improved" states in eight indicator areas across the eight National Education Goals. Offers insights as to the success of these states. Includes interviews with state officials, examples of legislation, and national resources.

The Goals Panel releases *Talking About Tests: An Idea Book for State Leaders* which provides recommendations on how states can improve the information parents receive about state tests, the underlying standards, and the reporting of individual student results.

The Goals Panel hosts a national, interactive video teleconference which provides a forum for Panel members and education leaders from across the nation (through downlink sites in every state) to discuss and share lessons from the states about how to achieve the National Education Goals.

1999

February

In light of extensive customer input and the work of a special Task Force on the Future of the Goals, the Goals Panel unanimously adopts a resolution calling for continuation of the goals and the Goals Panel Beyond the year 2000. It also calls for the Goals to be renamed America's Education Goals and the panel to be renamed American Education Goals Panel. Panel members hear presentations and discuss possible ways to set interim targets of performance and undertake value-added reporting of state education growth in future reports.

September

NEGP provides a folder to state and local level policymakers and education leaders composed of education-related information specific to each state. Each folder consists of a summary of the state's progress toward the National Education Goals; national and international comparisons for the state in mathematics and science achievement; and new national comparisons for the state in reading achievement. Also included is a state-specific fact sheet that highlights the state's particular successes.

October

NEGP releases *Reading Achievement State by State, 1999*, and *Exploring High and Improving Reading Achievement in Connecticut*. These reports present reading achievement data for the nation and for each state, and a case study of state and local policies in place in the state with the highest and most improved reading performance. They document progress toward Goal 3: Student Achievement.

Reading Achievement State by State, 1999 presents two pages of student achievement data for the United states and for each state, the District of Columbia and the five outlying areas. This report shows how much progress each state has made over time in reading; how the state compares to the best in the nation; and how different subgroups of students in each state performed.

Exploring High and Improving Reading Achievement in Connecticut is a case study of state and local policies and practices in effect in Connecticut in the 1990s, the period NAEP and a parallel state test document high and improving reading performance among all subgroups in the state. Interviews document the classroom approaches used in local districts that showed the greatest improvement on the state reading test.

Reading Achievement in Michigan, 1999; a special Michigan-specific report is released by the National Education Goals Panel. The report offers state-by-state results on 4th and 8th grade reading taken from the National Assessment of Education Progress. It contains information that benchmarks student achievement in reading in Michigan to the performance of other states.

October *(Continued)*

NEGP releases *Reading Achievement State in Wisconsin, 1999*, a report that suggests while Wisconsin's students are above the national average in science and mathematics achievement, their reading achievement is at the national average on the National Assessment of Educational Progress.

November

NEGP publishes a report, *The Road to Charlottesville, the 1989 Education Summit*, which provides a brief analysis of educational changes in the late 1970s and early 1980s and then analyzes the highly controversial report *A Nation at Risk*, which argued that American education was declining and threatening the economic well-being of the nation. After considering the reactions of the Bush administration, the National Governors' Association (NGA), and other policymakers to the mid-1980's educational crisis, the study discusses the origins and deliberations at the Charlottesville Education Summit. While this particular analysis can provide only a brief discussion of the complex road to the Charlottesville Education Summit, hopefully it will stimulate additional investigations and provide a broader historical framework for analyzing the creation of the six National Education Goals.

In February, 1999, Governor Paul E. Patton (D-KY) asked the Panel to think about the future of the National Education Goals, the contribution they have made, and the role they can play in the future. The Panel began 1999 by recommending that the National Education Goals be continued as America's Education Goals. This decision was grounded in information the Panel received from many sources, including a set of scholarly papers from expert advisors. As a result, NEGP presents a policy brief, *National Education Goals: Lessons Learned, Challenges Ahead*, which highlights these experts' thoughtful comments. This policy brief summarizes data trends and expert opinion about what was accomplished in the eight goal areas over the past decade of reform.

December

NEGP will convene a 10th Anniversary Conference reflecting on what has been achieved in 10 years of goal-driven reforms. NEGP will address the next decade of education reform overall and each of the eight Goal areas.

National Education Goals Panel: Building a Nation of Learners, 1999 and *the Data Volume for the 1999 National Education Goals Report* will be released.

Appendix C

NATIONAL EDUCATION GOALS PANEL

Publications List – October, 1999

Exploring High and Improving Reading Achievement in Connecticut

Reading Achievement State By State, 1999

Reading Achievement in Wisconsin, 1999

Reading Achievement in Michigan, 1999

Promising Practices: Progress Toward the Goals

Talking About Tests: An Idea Book for State Leaders

The National Education Goals Report: Building a Nation of Learners, 1998

Data Volume for the National Education Goals Report, 1998

Exploring Rapid Achievement Gains in North Carolina and Texas

Mathematics and Science Achievement State by State, 1998

Ready Schools

Principles and Recommendation for Early Childhood Assessments

NEGP Web Brochure

1997 Summary

1997 National Education Goals Report: Building a Nation of Learners

Special 1997 Goal 1 Report

Implementing Academic Standards: Papers Commissioned by the National Education Goals Panel

Getting A Good Start in School
(reprinted, 1999)

Executive Summary: 1996 National Education Goals Panel Report

1996 National Education Goals Core Report: Building a Nation of Learners

Appendix C

NATIONAL EDUCATION GOALS PANEL

Publications List – March, 2000

Proceedings from the 10th Anniversary Celebration of the National Education Goals Panel, December 1-2, 1999

Promising Practices: Progress Toward the Goals, 1999

Data Volume for the National Education Goals Report, 1999

National Education Goals Report: Building a Nation of Learners, 1999

National Education Goals Panel: Building on the Momentum

National Education Goals Panel: 10th Anniversary Program

National Education Goals: Lessons Learned, Challenges Ahead

The Road to Charlottesville, The 1989 Summitt

Exploring High and Improving Reading Achievement in Connecticut

Reading Achievement State By State, 1999

Reading Achievement in Wisconsin, 1999

Reading Achievement in Michigan, 1999

Promising Practices: Progress Toward the Goals

Talking About Tests: An Idea Book for State Leaders

The National Education Goals Report: Building a Nation of Learners, 1998

Data Volume for the National Education Goals Report, 1998

Exploring Rapid Achievement Gains in North Carolina and Texas

Mathematics and Science Achievement State by State, 1998

Ready Schools

Principles and Recommendation for Early Childhood Assessments

PUBLICATIONS LIST (continued)

NEGP Web Brochure

1997 Summary

1997 National Education Goals Report: Building a Nation of Learners

Special 1997 Goal 1 Report

Implementing Academic Standards: Papers Commissioned by the National Education Goals Panel

Getting A Good Start in School
(reprinted, 1999)

Executive Summary: 1996 National Education Goals Panel Report

1996 National Education Goals Core Report: Building a Nation of Learners

Profile of 1994-95 State Assessment Systems and Reported Results
(reprinted, 1997)

1995 & 1994 National Education Goals Reports on CD-Rom

Executive Summary: 1995 National Education Goals Panel Report
(reprinted, 1997)

Data Volumes for the 1995 National Education Goals Report
Volume One: National Data
Volume Two: State Data

1995 National Education Goals Core Report: Building a Nation of Learners

Inventory of Academic Standards-Related Activity

Report of the Goal 8 Resource Group on Parental Participation

Report of the Goal 4 Resource Group on Teacher Education and Professional Development

Data Task Force Report

Reconsidering Children's Early Development and Learning:
Toward Common Views and Vocabulary _ Goal 1 Technical Planning Group Report
(reprinted, 1997)

Report of the Task Force on Defining a Disciplined Environment Conducive to Learning

PUBLICATIONS LIST (continued)

Promises to Keep: Creating High Standards for American Students

1994 National Education Goals Report: Building a Nation of Learners

Data Volumes for the 1994 National Education Goals Report
Volume One: National Data
Volume Two: State Data

Community Action Toolkit: Information Flyer/Order Form

Graphic Icons (Depicting Each of the Eight National Education Goals)

Report of the Technical Planning Subgroup on Core Data Elements: Resolution

Achieving Educational Excellence by Increasing Access to Knowledge:
Discussion Document

1993 Summary Guide of the National Education Goals Report: Building the Best

1993 National Education Goals Report _ Volume One: The National Report
1993 National Education Goals Report _ Volume Two: State Reports

Resolutions of the Goals Panel: Goal 1, Goal 2 (Assessing Progress);
Goal 3 (NAEP); Goal 5 (Postsecondary Education)

Gauging High Performance _ How to Use NAEP to Check Progress Goals

Statewide Student Record Systems: Current Status and Future Trends

Reactions to Technical Planning Subgroup Report on School Readiness

Reactions to the Goal 1 Technical Planning Subgroup Report on School Readiness

Reactions to the Goal 1 Technical Planning Subgroup Report: Executive Summary

Assessing Citizenship: Goal 3 Technical Planning Subgroup Report of Citizenship

Assessing National Goals Relating to Postsecondary Education:
Goal 5 Task Force Report

Report of the Goal 5 Technical Planning Subgroup on
International Workforce Skills

1992 National Education Goals Report: Executive Summary

PUBLICATIONS LIST (continued)

1992 National Education Goals Report: Building a Nation of Learners

1991 National Education Goals Report: Executive Summary

1991 National Education Goals Report: Building a Nation of Learners

THURSDAY, MARCH 30, 2000.

CORPORATION FOR NATIONAL SERVICE

WITNESSES

HARRIS WOFFORD, CHIEF EXECUTIVE OFFICER
WENDY ZENKER, CHIEF OPERATING OFFICER
ANTHONY MUSICK, CHIEF FINANCIAL OFFICER
MATT DUNNE, DIRECTOR, AMERICORPS*VISTA
TOM ENDRES, DIRECTOR, NATIONAL SENIOR SERVICE CORPS

Mr. PORTER. The Subcommittee will come to order.

We continue our hearings on the fiscal year 2001 appropriations with the Corporation for National Service. And we're pleased to welcome Senator Harris Wofford, the Chief Executive Officer. Senator Wofford, we commend you on your service not only in the legislative branch but now most recently in the executive branch. You've done a fine job and there I'm going to miss you.

Please proceed with your statement. Again, my apologies for having to curtail our hearing today. When the minority requests that we do not hold hearings during appropriation bill debate on the Floor, we have to accede to that request. And that request was made, so we had to close down our hearings for the last day and a half and squeeze a bit here. So I apologize for that.

Mr. WOFFORD. Mr. Chairman, thank you so much. I'd like to introduce Wendy Zenker, the Corporation's Chief Operating Officer and Tony Musick, the Chief Financial Officer, our new Chief Financial Officer. They both helped us make great headway in improving our operations and financial management.

Also I want to introduce Tom Endres, who you've seen before, the Director of the National Senior Service Corps, and Matt Dunne, the new Director of AmeriCorps*VISTA, and the Director of AmeriCorps as a whole, Deb Jospin, is behind me. Matt was recently sworn in by VISTA's founder, Sargent Shriver. Both Matt and Tom bring energy and vision to the helm of these two essential programs.

Mr. Chairman, let me begin by thanking you and members of your Subcommittee for strong support of these programs. You've been steadfast in recognizing the importance of national service and in providing resources necessary to improve and expand the Senior Corps and VISTA. So thank you.

I'm here to present the President's budget request for national service programs in your jurisdiction. The President calls for increases in both the three senior programs and in AmeriCorps* VISTA. Let me bring you up to date on important developments in each of these programs and on progress that's been made in the last year on improved financial management.

For more than three decades, the three senior programs have been at the forefront in placing older adults in service to American

communities. This year is the 35th anniversary of Foster Grandparents. Together, Foster Grandparents, Senior Companions, and RSVP have placed millions of older Americans in volunteer opportunities that strengthen communities and change lives.

The fastest growing segment of our population is the number of Americans over the age of 55. As they retire from their working career, they are going to be, they already are, a tremendous resource to help solve community problems. National Service is the vehicle to make senior power a vital force in meeting the needs of America.

Toward that end, the President's budget request supports the progress of local programs in implementing the Programming for Impact initiative. The Senior Corps has successfully moved from how much time and how many senior volunteers do we provide to what are our senior volunteers getting done in our communities.

Our Government Performance and Results Act report, to go to you very shortly, will show that the Senior Corps is meeting our goals.

For fiscal year 2001, our emphasis is again on strengthening existing projects. Specifically, our goal is to ensure that local projects have the technology they need to support a growing volunteer base. That's why a significant share of the overall $9.7 million increase requested for the Senior Corps will be devoted to much-needed technology improvements.

Another national service program is marking an anniversary this year. It's VISTA's 35th year in the fight against poverty. VISTA has provided more than 130,000 Americans the opportunity to fight poverty in every State. Today VISTA is now almost 6,000 strong, about double its force in 1992.

One of the outstanding strengths of the VISTA program has been its tradition of cutting edge programs that demonstrate the value of service in building communities. As Sargent Shriver said in swearing him in, our new VISTA Director is well suited to carry this tradition into the 21st century. Matt Dunne was the youngest assistant majority leader whip in the country as a member of the Vermont House of Representatives. He's also been the marketing director of a successful software company. He has the drive, the commitment, and the entrepreneurial spirit to help VISTA flourish.

Our requested increase for AmeriCorps*VISTA, which totals $5.4 million, will bolster three central program initiatives that keep VISTA on the front lines of anti-poverty efforts today. AmeriCorps*VISTA has already established itself as a national leader in the fight to bridge the digital divide. Our request will strengthen these crucial efforts to close the gap between the haves and the have nots in technology of the internet and the information highway.

In recent years, a growing portion of AmeriCorps*VISTA resources have been focused in helping children read well by the end of the third grade. Our 2001 request enables a full 40 percent of VISTA resources to be focused on literacy. AmeriCorps*VISTA has also made it a high priority to assist those who are moving from welfare to work. For 2001, we will increase support for job creating activities that provide credit and capital to low income individuals making this transition.

Like the Senior Corps, AmeriCorps*VISTA has already made significant headway in matching its program goals to tangible outcomes and measurements, something I know you over the years have been emphasizing yourself. VISTA has met or exceeded our Results Act goals in key categories. We will continue to emphasize the importance of strong outcome measures in the VISTA program.

Since the President asked me to head the Corporation, I've made it my top internal priority to strengthen our management. To guide these efforts we crafted and implemented a comprehensive Action Plan to improve our stewardship of Federal funds. I can report that we've already completed more than 80 percent of the tasks include in this Action Plan. We now have a strong and deep management team in place to lead our business operations.

Since last year, we've added an exceptionally gifted Chief Financial Officer, Tony Musick. We've also appointed a Deputy CFO and a new Chief Information Officer. And this team, along with our outstanding Chief Operating Officer, Wendy Zenker, has brought vigor, rigor and discipline to the Corporation's business operations. With their leadership, we've installed and implemented a new core financial management system that dramatically improves the Corporation's financial accountability.

Soon, I'll be able to provide to you the results of the Corporation's fiscal year 1999 financial statement audit. The Corporation has received the audit report and has provided a response. We expect a final report to be issued shortly, and I will directly communicate those results to you.

We know we've come a long way, and we know we still have some distance to go to achieve our goals. Mr. Chairman, this is likely to be the last time you will hold the gavel in a hearing on appropriations for the national service programs, a fact that gives all of us a great sense of loss. We have appreciated your wisdom, your guidance, your thoughtfulness, and your support. You played a central, critical role in making national service a vital part of this Nation's civic life.

Like you, my tour of duty will be ending later this year, so this will probably be the last time I appear before this Committee. It's been a great privilege to head the Corporation, to work with you and the Subcommittee and to see national service win more and more bipartisan support in Congress and nonpartisan support around the country. Thank you.

Mr. PORTER. Senator, thank you very much for your kind words. Your plans are to return to academia?

Mr. WOFFORD. Maybe a little bit. [Laughter.]

Mr. PORTER. Maybe.

Mr. WOFFORD. And to champion the cause of national service as a private citizen.

Mr. PORTER. Wonderful. Well, as I say, you've done a wonderful job there, and the country appreciates your service, both in the legislative branch and the executive branch.

Now we have to talk about the financial audit a little bit. We understand that, as you said, the 1999 audit is going to be released very soon, we understand as early as tomorrow.

Mr. WOFFORD. We would hope so.

Mr. PORTER. And as you also indicated, it shows progress in reducing the number of material weaknesses. But it still will not be a clean audit. Is that the correct understanding?

Mr. WOFFORD. Right. We have a clean audit on the initial basic statement of financial position, and disclaimers on the related two statements.

Mr. PORTER. And that will indicate a level of progress above the 1998 audit. What would you expect for the year 2000? Will you be able to get a clean audit then, or a qualified opinion or what?

Mr. WOFFORD. I'd like you to hear from our Chief Financial Officer, or Chief Operating Officer. But let me just say that we believe the progress we've made this year in implementing an entirely new state of the art financial management system and other very significant things that have enabled the National Service Trust, through web based reporting and remedial work with the digital imaging system relating to the 150 some thousand members of the Trust, have put us in a position, a good solid position, to move to clean opinions next year.

But I'd like you to hear from those that know more about this. They've been an extraordinary team who had the difficulty, Mr. Chairman, this year, of going from financial reporting system, that like many government agencies, was antiquated and out of date, to an entirely new system. They converted it during the year, and kept our flow of resources to the several thousand grantees and agents of the Senior Corps and VISTA going while converting to this system, a process we had to do in order to comply with Y2K problems. Which we did, we made it, and we kept the ship moving.

Mr. MUSICK. Mr. Chairman, I think it's probably inappropriate to say that we will get a clean opinion. I think the thing that we try to do is to continue to improve the activities of the organization. For example, this past year, when you're bringing on new staff and you're putting in a new financial system, and we had the old system for 10 months, which was our problem in the previous year, 1998, it's very difficult to say what you can do in that period of time.

In addition to that, there were so many process changes. When you bring on a new system, you're changing all the accounting practices that people enter data and have to follow. So there was a lot going on.

I think we are making incremental improvements. I think we're improving the links between the system so the data will be entered once, and then it will be passed electronically. But my hesitancy is that I don't control the audit. That's through the IG. And they come in as an independent look. And really for me to say yes, we're going to get a clean opinion, I don't think that's really appropriate. All I can really promise is that we're going to work hard to try to clean up the things that were still a problem.

From what I understand from the auditors, we really had one major issue this year. And we tried to overcome that to the very end. And we don't know if we had had more time we could have. But there was just a lot of difficulty in converting to the new system and trying to do everything. And I think that was the problem.

But again our goal is, of course, to get a clean opinion on all statements and move that way.

Mr. PORTER. Well, our job is to pressure you to do that.

Mr. MUSICK. Yes, sir. [Laughter.]

Mr. PORTER. And we're doing that. I will leave a note for my successor to be after you next year, how's that?

Mr. MUSICK. Sounds good.

Mr. PORTER. Senator, the programs have been unauthorized for four years, I understand. Is there any progress on reauthorization? Do you expect any of them to be reauthorized this year?

Mr. WOFFORD. We are hopeful that the Corporation and all its programs will be reauthorized. We expect the reauthorization bill to be introduced within a month. We have strong bipartisan groups in both Houses that have stepped forward to be the co-sponsors. We should be able to report very soon to you the schedule and proposed steps in both Houses.

Mr. PORTER. In response to a question submitted for the record last year regarding a stipend increase in the senior programs, the Corporation indicated that a 5 cent increase, equaling $1 per week per volunteer, does not make administrative sense and is generally viewed negatively by volunteers. My understanding is that stipends have not been increased since fiscal year 1998.

Are you requesting a stipend increase in the senior service programs in the next fiscal year? And what is the Corporation's position on providing a 5 cent increase?

Mr. WOFFORD. Could I ask Tom Endres, the Director of the Senior Corps, to respond?

Mr. ENDRES. Mr. Chairman, in considering a possible bill for the reauthorization, we've committed as an organization that we would fight for an increase once over the authorization period should that move forward. Our current plans with the amount of money the President is requesting in this particular budget would not allow us to do a stipend increase in 2000. Obviously we believe, and are concerned about the level of stipend necessary for Foster Grandparents and Senior Companions and are tracking that.

If we had our preference, our preference would be to increase the stipend more than 5 cents, just because we believe that Foster Grandparents volunteers deserve it. We believe it's absolutely necessary to the program to sustain the current level of current volunteer involvement. And as I mentioned from an administrative perspective, it is much easier to do in one fell swoop.

Mr. PORTER. We are about to remove the earnings limitation or offset for seniors 65 to 70. And I think the President has already said he will sign that. What effect will that have on the volunteers?

Mr. ENDRES. We'll have to analyze that, Mr. Chairman. We haven't really begun to do that. We'll have to really step back and as that proposal moves forward, carefully assess the impact. I have not had a chance to do that.

Mr. PORTER. Would that obviate the need for a stipend increase where people actually end up with more in terms of personal revenue?

Mr. ENDRES. All I can say at this time, Mr. Chairman, is we really have to look at that carefully.

Mr. PORTER. I would ask that you do that analysis and submit it for the record when you've completed it. I realize it's going to

take some time to do it, but we'd like to see that and see what effect that might actually have.

Mr. ENDRES. I'd be happy to do that, Mr. Chairman.

Mr. WOFFORD. That's a good question, Mr. Chairman. We were just agreeing we want to get the answers for ourselves and to you.

[The information follows:]

IMPACT OF SOCIAL SECURITY CHANGES

The Senior Citizens' Freedom To Work Act of 2000 makes the following changes to social security legislation:

- Eliminates the Social Security retirement earnings test in and after the month in which a person attains full retirement age--currently age 65. Elimination of the retirement test would be effective with respect to taxable years ending after December 31, 1999.
- In the calendar year the beneficiary attains the full retirement age, permanently applies the earnings limit for those at the full retirement age through age 69 ($17,000 in 2000, $25,000 in 2001 and $30,000 in 2002) and the corresponding reduction rate ($1 for $3 offset) to all months prior to attainment of the full retirement age. (In applying the earnings test for this calendar year, only earnings before the month of attainment of full retirement age are considered.)
- Permits, beginning with the month in which the beneficiary reaches full retirement age and ending with the month prior to attainment of age 70, the retired worker to earn a delayed retirement credit for any month for which the retired worker requests that benefits not be paid even though he/she is already on the benefit rolls.

These changes take effect in the current tax year. For several reasons, the Corporation does not believe that these changes will have an immediate impact on the Foster Grandparent and Senior Companion programs.

First, only about 25% of the Foster Grandparents and Senior Companions are in the age range, 65-69, covered by this social security benefit change. Individuals younger than age 65 are not affected by the change, and individuals over age 70 do not currently have an earnings limit under social security.

Second, by law and regulation, almost all individuals participating in these programs have income levels significantly below those amounts that otherwise had to be reached before the earnings test applied. In other words, individuals who participate in these programs and are between the ages of 65-69, have income levels below those where the earnings test previously applied.

For these reasons, the Corporation does not anticipate that the earnings test change will have an immediate impact on the Foster Grandparent and Senior Companion programs.

The issue arises, nevertheless, as to whether over time the repeal of the earnings limit for those reaching full retirement age will mean that more individuals will work and thereby create an insufficient number of individuals who may wish to join or be available to serve in these programs – at least in parts of the country. Estimates do vary significantly about the effect of the repeal on the work force. Clearly, there will be an additional incentive to work as a result of the change.

There are, according to the Census Bureau, about 4.4 million individuals age 60 and over living in poverty (1998 data). There are 6.8 million people with incomes at or below 125% of the poverty level, the basic threshold for eligibility in the Foster Grandparent and Senior Companion programs. Approximately 45,000 individuals serve in the Foster Grandparent and Senior Companion programs in a year. However, while the pool from which Foster Grandparents and Senior Companions are recruited remains large there are emerging issues as to how this potential resource pool is spread across the country and how it aligns itself with where FGP projects are funded. Additionally, in specific locations we are beginning to hear that the potential volunteer pool may not have sufficient depth to meet the needs for which Foster Grandparents are being requested. The Corporation is planning to put into place systems to more closely monitor recruitment difficulties. In addition, we plan to review the placement fit between the changing needs of child service agencies and Foster Grandparent volunteer characteristics at least in those parts of the country where this is beginning to be seen as a problem.

In part to facilitate recruitment, the legislative proposal to reauthorize the National and Community Service Act and the Domestic Volunteer Service Act would lower the eligibility age for the Foster Grandparent and Senior Companion programs from 60 to 55. In addition, this legislation will increase eligibility requirements from 125 percent to 150 percent of poverty. These changes are supported by the associations of project directors for these two programs.

Mr. PORTER. It may make some significant difference to people that are volunteering for the programs.

Last year, Congress enacted language stating that no funds could be used to provide tax-free stipends to volunteers whose incomes exceeded the income guidelines established by Congress for stipends paid under the Foster Grandparent and Senior Companion programs. This provision was put into place because of concern that limited Federal dollars should only go to people who meet the means test established by Congress.

Of course, we encourage volunteering by all segments of society, but the idea behind creating an income threshold is that persons above this income level are able to afford to volunteer without a Federal subsidy. I see your budget proposes to remove this language this year, and I presume this is because you plan to pay people above these income thresholds for their volunteer efforts.

Why would you propose to remove this language, and what is the average annual income of a retired senior living solely on Social Security?

Mr. WOFFORD. I'd like Tom Endres to first comment on that.

Mr. ENDRES. Mr. Chairman, we have followed to the letter the directions provided to us by your Committee. We have heard loudly and clearly the message of the Appropriations Committee and the priority to maintain and continue to expand opportunities for low income people.

We intend to follow the Committee's direction and instruction. And again, we have done so. As far as next year is concerned, we do not intend to use appropriated monies to provide any incentives for people who do not meet income eligibility requirements for the programs. We do, and are offering a new approach to senior demonstration programs and in so doing, we are shifting the focus from determining particular improvements that we can make in the existing programs to the issue of how do we really develop sufficient numbers of opportunities through the existing programs and other programs to meet and keep up with the growing aging population within our country.

The issue we want to study is really the issue of helping large, non-profit organizations figure out how they can mobilize significant numbers of seniors to further their organizational missions and meet particular objectives of their organizations. If in the implementation of that program we want to or find the need to provide for an intensive, which may mean a 15 hour week commitment for a year, we've determined from prior demonstrations that that particular role, a commitment of a year, 15 hours a week or more, is really an important role if we're going to help local organizations expand their use of other volunteers.

But if we use such a role in our approach to demonstrations, we will do that by borrowing a notion that's been successful for VISTA in recent years, and that's a cost sharing approach. Or we will develop partnerships so that any incentives that are provided in the demonstration program will come from non-appropriated sources.

Mr. PORTER. Like what?

Mr. ENDRES. We might ask foundations, try to develop a partnership with an existing foundation who has an interest in expanding senior service opportunities in the country. We might look to other

philanthropic approaches or corporations. We might ask the organizations that we fund demonstrations through themselves, an organization like Big Brothers Big Sisters, or Lutheran Social Services of America, to actually contribute to the support of those roles which we feel are important.

Mr. PORTER. Wouldn't this be an area where the earnings limit would be particularly important, since this would affect the higher income people much more than the lower income people? In other words, people who are above the threshold would get a better break than others who may have already had a break because of the amount that they could earn and not have the offset. Again, I think that's going to have an effect that's probably going to be positive.

Do you think that people need to have some form of reward to recognize their worth? In other words, is there some element, not of monetary income, but of recognition, that says "this makes me a part of the organization and shows that I'm doing something worthwhile?"

Mr. ENDRES. Yes, Mr. Chairman, I think that that's an important factor. In addition to that, I believe that to really ask people to commit a year, on a 15 hours per week basis, it does require some kind of an incentive or recognition for them to make that commitment, particularly if we're going to ask them to take on some of the high priority needs facing our local communities.

Mr. WOFFORD. Tom, you might just suggest the dimension that so far the Senior Corps has been testing, which is, if I'm right, about an average of $150 a month for those that do 15 or 20 hours. Am I correct?

Mr. ENDRES. That's correct. Through the Seniors for Schools programs that we have been managing, and will be completing the final year in that, what we found is that the incentive of, on average, $150 a month to defray out of pocket expenses for that year-long commitment of 15 hours a week, is about what it takes.

And what the participants in the demonstration program are telling us is that, without that incentive, they would go back to serve typically what we find is served through the RSVP program, Retired and Senior Volunteer Program, which is on average three to five hours a week. So without that incentive, somehow it makes a difference to the nature of the commitment and the time that they're willing to devote.

Mr. PORTER. I think you could even see it for those of us that run for public office. It used to be that people would just come in and volunteer. But then they got the feeling that if they had some sort of compensation, they'd actually be a part of the campaign apparatus and have status and it was meaningful. Not necessarily money, but just recognition that they were an important part of the staff.

Senator Wofford, I'm pleased to see that your budget justification this year includes some performance indicators. And I'm especially pleased to learn the progress you've made in the Programming for Impact effort. However, from the information presented in the budget justification, it looks like many of the performance indicators you are tracking measures outputs, rather than outcomes. And most of these measures, which are designed to track outcomes, still do not contain data.

When will you be able to start reporting actual data on your program's performance?

Mr. WOFFORD. I would like you and your staff to review the Results Act report, the GPRA report that in the next few days will be coming to you, to see if you still have that concern when you read the full detail. Only some fragments of the preliminary results were in the budget presentation.

Actually, it is such an important question, it's related to both VISTA and the senior program. If briefly Matt Dunne and Tom Endres could comment on that, I'd appreciate it.

Mr. PORTER. All right.

Mr. DUNNE. Thank you, Mr. Chairman. First of all, I was delighted when I came on board, I think it's nine weeks ago, to be able to review a set of goals that are set out as clearly as they are in our GPRA report. That allows someone who is coming in and trying to get up to speed quickly a sense of the priorities, where we're heading and where we need to allocate our resources.

Many of the GPRA goals that you have seen and that we've reported on and that we will continue to report on get to the core of what we feel we have control over in VISTA. And that includes the number of volunteers that we're able to acquire, making sure that they have a positive experience, making sure that they are supported effectively, and that they complete their year of service. And that's one of the things that we look to as one of the major things that we can control.

I do know, however, that you also have interest, as do we, in the ultimate impact of those services on the outcomes for the beneficiaries that they're serving to help. And to that end, we have taken on a couple of different kinds of studies. And we are continuing to look for other ways to measure that.

I would point to, since you have had an interest in literacy in the past, a study that was just completed, which I believe we provided, which was on the D.C. Reads program, which was a local demonstration project we did. And we just did an evaluation of year two. And in that evaluation, we were able to take quantitative analysis on a longitudinal basis to look at improvements in our target audience in those areas, to see that they were actually improving their literacy and being able to most importantly catch up to their peers at the same level and be able to then be on an even playing field when they enter the later years of school, which are frequently the most difficult.

I would encourage you to look at the summary of this report, because I think it's in line with what you're looking for. We're also undertaking a large AmeriCorps-wide analysis of literacy programs that we're involved in. That will look at other Reads programs that VISTA is involved in, as well as other literacy programs on a more macro basis across the country. And that should be available in September.

My hope is to incorporate those into future GPRA goals and allow us to measure ourselves against those.

Mr. ENDRES. Mr. Chairman, in response to the Government Performance and Results Act, we've set particular goals for each of the three programs. In the Retired and Senior Volunteer Program, we have set a goal of 20 percent of the Retired and Senior Volunteers

assigned through a position description that specifically defines what those volunteers will be accomplishing in the community. And we're pleased to report that over 32 percent of the Retired and Senior Volunteer programs have assignments now that are specifically oriented towards outcome assignments.

What we've done then is we've taken each of the programs and we've completed an accomplishment report. And we're happy to provide the accomplishment reports as part of the record, so that we're able to see then within those 32 percent of assignments exactly what is being accomplished by the Retired and Senior Volunteer Program.

[The information follows:]

Foster Grandparent Program

Accomplishment Report

May 1999



Foster Grandparent Program Accomplishment Report

July 1, 1997 - June 30, 1998

May 1999

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AGUIRRE INTERNATIONAL

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INTRODUCTION

This report presents the findings from the first survey on the accomplishments of the Foster Grandparent Program (FGP). This report summarizes the community service accomplishments from all Foster Grandparent Projects for the period between July 1, 1997, and June 30, 1998. The information reported here was collected by Aguirre International on the Foster Grandparent Program accomplishment survey. The survey sample consisted of a random selection of 1,378 community organizations serving as volunteer stations and representing all 306 FGP projects. The accomplishments are grouped within four of the Corporation for National Service's program emphasis areas: Health and Nutrition, Human Needs Services, Education, and Public Safety. The list, while both long and diverse, is not exhaustive; not every accomplishment has been captured. Nevertheless, the list summarizes the major accomplishments for the Foster Grandparent Program.

SUMMARY OF FOSTER GRANDPARENT PROGRAM ACCOMPLISHMENTS

This summary of the overall Foster Grandparent Program accomplishments was drawn from information about accomplishments from all 306 Foster Grandparent Projects that were active between July 1, 1997, and June 30, 1998 (referred to in this report as the *current reporting year)*. During this period, the Foster Grandparents:

- Nurtured over 200,000 infants by cradling, feeding, rocking, and singing to them.
- Visited with and nurtured nearly 200,000 hospitalized children.
- Supported approximately 175,000 learning disabled students in kindergarten through twelfth grade.
- Provided mentoring in the form of constructive guidance and feedback helping over 145,000 children to make productive choices.
- Tutored over 115,000 students in kindergarten through twelfth grade.
- Aided and counseled over 88,000 abused and neglected children and their families.
- Contributed to productive Head Start classrooms for over 52,000 children in Head Start.
- Participated in pre-natal care and family planning programs helping over 31,000 teen parents.

- Took part in homeless programs benefiting over 16,000 children and families in transitional housing, homeless shelters, and on the street.
- Cared for over 4,100 boarder babies who remain hospitalized due to a lack of non-institutional housing alternatives.
- Recorded over 30 million hours of service. On average, each Foster Grandparent served 1,000 hours.
- Provided supportive assistance to over 13,000 kindergarten through sixth grade classrooms benefiting over 231,000 students.
- Provided supportive services in residential or non-residential settings for over 19,000 mentally retarded/developmentally disabled children.
- Provided supportive services, rehabilitation, therapy, and exercise to approximately 12,000 children with physical disabilities.
- Provided over 17 million hours of service to students in the elementary education area.
- Helped over 83,000 children of families with violence.
- Provided one-on-one services on specific topics such as parenting skills, child health, and safety to over 11,000 teen parents.
- Provided one-on-one support and nurturing to over 27,000 youth offenders or ex-offenders.

BACKGROUND

The Foster Grandparent Program began in August 1965, as a national demonstration effort. It showed how low-income persons aged 60 or over have the maturity and experience to establish a personal relationship with children having either exceptional or special needs. Since 1993, the Foster Grandparent Program has been administered by the Corporation for National Service.

The Foster Grandparent Program is authorized under Title II, Part B, of the Domestic Volunteer Service Act of 1973, as amended (Public Law 93-113). The program's primary purpose is to provide opportunities for income eligible persons aged 60 or over to provide supportive person-to-person services in health, education, welfare, or related settings to help alleviate the physical, mental or emotional problems of children having special or exceptional needs.

Foster Grandparents serve in community organizations such as schools, hospitals, Head Start programs, and youth centers. Foster Grandparents offer emotional support to children who have been abused or neglected, mentor troubled teenagers and young parents, and care for premature infants and children with physical disabilities. Their personal attention is directed toward helping these young people grow, gain self-esteem and confidence, and become full and productive members of society. In the process, Foster Grandparents strengthen communities by providing youth services that community budgets cannot afford and by building bridges across generations. Foster Grandparents meet income eligibility requirements, serve 20 hours per week, are provided specialized training, and receive small stipends.

The FGP is one of three national service programs that comprise the National Senior Service Corps. The Foster Grandparent Program, Retired and Senior Volunteer Program (RSVP), and the Senior Companion Program (SCP) were designed for each to achieve specific and varying goals related to volunteer service, but all were crafted on the same belief: that senior volunteers are valuable resources to meet community needs.

STUDY METHODOLOGY

The accomplishments described in this report were derived from the survey form entitled, "Meeting Community Needs: A Survey of the Foster Grandparent Program's (FGP) Activities, Inputs and Accomplishments." First, a process was undertaken to identify the universe of stations belonging to all 306 projects. 7,851 community organizations serving as volunteer stations were identified. The goal of the sample was to randomly and efficiently select a portion of the population or universe under study in such a manner that the characteristics of the sample had a very high probability of accurately reflecting the characteristics of the population or universe. Utilizing a random sampling procedure with probabilities proportional to the number of volunteers serving at each station, 1,378 Foster Grandparent volunteer stations were selected for the study.

The results of the survey reflect the entire population with 95 percent confidence (+ or - 3 percent standard error). This means that the estimates in this report have a high degree of precision.

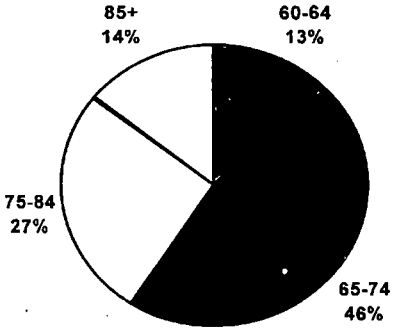
The survey achieved an 87 percent response rate (1,160 surveys were completed and returned). This is 7 percent above our survey goal of 80 percent. A procedure was undertaken to verify that the missing volunteer stations were not biased with respect to characteristics such as station size, volunteer age, location, and emphasis area. In order to produce national estimates presented in this report, a weighting procedure was used. This weighting procedure first calculated mean

weighted sums for each parameter of interest, then each mean weighted sum was multiplied by a constant to arrive at the national weighted value for each parameter.

FOSTER GRANDPARENT VOLUNTEER PROFILE

During the current reporting year, Foster Grandparents ranged in age from 60 to over 85 years. The greatest percentage of these 46 percent fall within the 65 to 74 year age range. The next greatest percentage 27 percent is in the 75-84 year range. Fourteen (14) percent are 85 years or over, and 13 percent are in the 60-64 year range (see Figure 1).

Figure 1. Age of Foster Grandparents



Females comprise 86 percent of Foster Grandparents, compared to 14 percent males.

Thirty-nine (39) percent of Foster Grandparents are White, and 33 percent are African American. The remainder of the Foster Grandparents are Hispanic/Latino 17 percent, Asian 5 percent, Hawaiian/Pacific Islander 3 percent, and American Indian/Alaskan Native 3 percent. Two-thirds (67 percent) are of non-Hispanic/Latino origin, and 33 percent are of Hispanic/Latino origin.

FOSTER GRANDPARENT PROGRAM CHARACTERISTICS

This section describes selected characteristics of the Foster Grandparent projects for the current reporting year, including, the percentage of volunteers engaged in four program emphasis areas (Health and Nutrition, Human Needs Services, Education, and Public Safety); the percentage of children served by Foster Grandparents; and the percentage of volunteer hours served in each program emphasis area.

While specific examples of the four program emphasis areas are discussed in more detail below, the following discussion will give the reader an idea of some of the kinds of activities that take place within each of the four program emphasis areas.

Health and Nutrition

Health and Nutrition activities may include supportive roles in the delivery of health services; participation in preventive health care programs for teen mothers and special needs children; various activities in the area of child mental health and mental retardation; participation in prevention and rehabilitation programs for substance abuse; services to children with physical disabilities; services to terminally ill children; care for boarder babies; and services to children with HIV or AIDS.

Human Needs Services

Human Needs Services include such activities as crisis intervention with children; participation in programs and services for children and families experiencing housing crises; providing guidance and leadership through mentoring youth; providing temporary relief from the stresses of caregiving through short-term intermittent assistance to an adult who is a primary caregiver for a child with disabilities; and providing counseling and information to pregnant teens and teen parents.

Education

Education activities may consist of serving special needs children and youth in kindergarten through twelfth grade classrooms; participating in educational programs for children who are physically and/or mentally disabled; tutoring special needs school children in grades K-12 in a variety of academic subjects; participating in programs for developing skills or trades for seventh through twelfth grade special needs students; and providing services to Head Start programs.

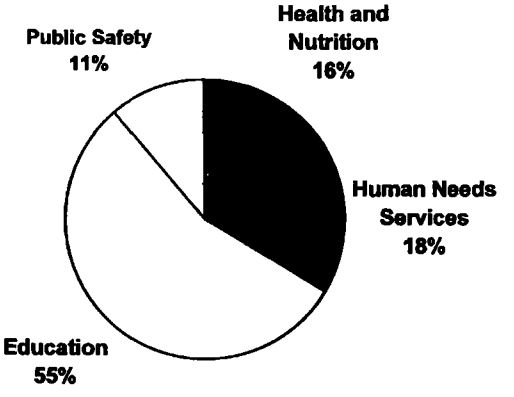
Public Safety

Foster Grandparents may also participate in rehabilitation services for youth offenders; provide aid, assistance and counsel to abused and neglected children and their families; provide aid, assistance, and counsel for child victims of family violence; and participate in efforts which promote child safety.

FOSTER GRANDPARENT PARTICIPATION BY PROGRAM EMPHASIS AREA

During the reporting year, 31,571 Foster Grandparents actively participated in the four program emphasis areas. Over this period, 55 percent of the Foster Grandparents served in the program emphasis area of Education; 18 percent in the area of Human Needs Services; and 16 percent in the Health and Nutrition area. The remaining 11 percent of the Foster Grandparents served in the area of Public Safety (see Figure 2).

Figure 2. Percentage of Foster Grandparent Service by Program Emphasis Area

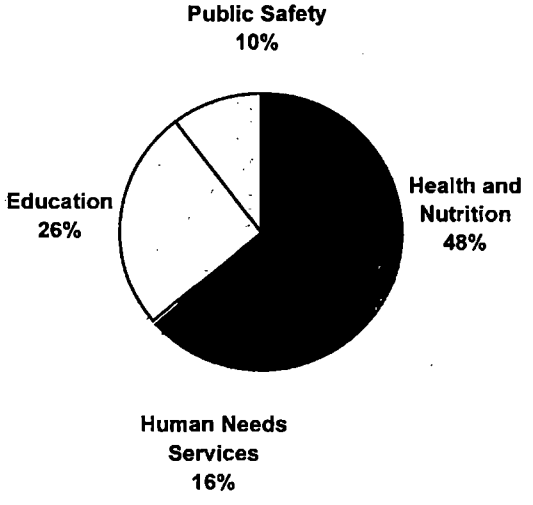


CHILDREN SERVED BY PROGRAM EMPHASIS AREA

In looking at the children who Foster Grandparents served by program emphasis area, we find that the largest percentage is in the area of Health and Nutrition (48 percent). Education followed with 26 percent of the children. Human Needs Services and Public Safety activities served 16 percent and 10 percent of the children, respectively (see Figure 3).

In examining the percentage of volunteers serving in the areas of Education (55 percent) and Human Needs Services (18 percent) and the associated hours, we note that the percentage of children served in these areas (Education 26 percent and Health and Nutrition 48 percent) seems to indicate a disparity. This can be attributed to the fact that many more children are served for shorter periods of time in the Health and Nutrition area, whereas, the children served in the Education area are fewer in number but were provided services over longer periods of time.

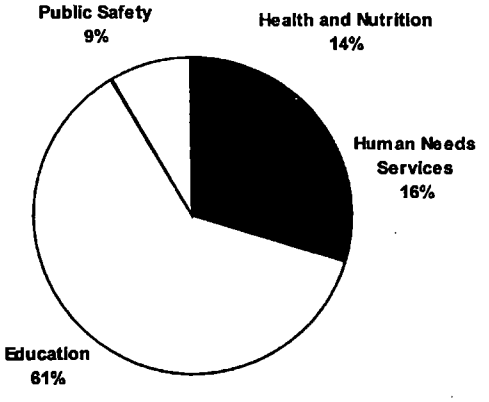
Figure 3. Percentage of Children Served by Program Emphasis Area



VOLUNTEER HOURS SPENT BY PROGRAM EMPHASIS AREA

Foster Grandparents served some 31,559,046 hours in the four program emphasis areas. Over three-fifths of the hours (61 percent) were spent in the area of Education. Human Needs Services tallied 16 percent of the volunteer hours, and 14 percent of the volunteer hours were spent in the Health and Nutrition area. Public Safety accounted for 9 percent of the volunteer hours (see Figure 4).

Figure 4. Volunteer Hours Spent by Program Emphasis Area



SITES OF FOSTER GRANDPARENT SERVICE (VOLUNTEER STATIONS)

Most of the project activities of the Foster Grandparents (34 percent) were conducted in public and private elementary schools. The next three most active sites were daycare program sites (13 percent); Head Start sites (11 percent); other educational stations (6 percent); and non-Head Start educational pre-schools (6 percent). Other locations such as medical centers, clinics, corrections agencies, transitional shelters, and residential long-term care programs, comprised 3 percent or fewer of the sites to total 30 percent of the volunteer stations (See Figure 5).

Figure 5. Sites of Foster Grandparent Service (Volunteer Stations)

Site Type	Percent
Public/Private Schools (K-6/Elementary)	34%
Day Care (Pre-Elementary) Programs	13%
Head Start	11%
Other Educational Stations	6%
Non-Head Start Educational Pre-School	6%
Public/Private Schools (Middle School/Junior High School)	3%
Before and After School Care	3%
Hospital/Medical Center/Clinic	3%
Other Social Services/Human Needs Agencies	3%
Transitional Shelters/Centers (Homeless, Battered, etc.)	2%
Public/Private Schools (Senior High School)	2%
Residential Long-Term Care Programs (MH/MR/DD)	2%
Teen pregnancy/ teen parenting program	2%
Juvenile Correctional Agencies	2%
Non-Residential Mental Health programs	2%
Other Health Care Organizations	2%
Native American Schools	1%
Non-Residential Developmental Disability/Rehabilitation Centers	1%
Other Public Social/Social Service Agency	1%
Other FGP Stations	1%

ACCOMPLISHMENTS BY PROGRAM EMPHASIS AREA

The following information on the accomplishments of Foster Grandparents was drawn from responses to the survey form completed by Foster Grandparent Station Supervisors and their FGP Project Directors.

Below we detail accomplishments for the Foster Grandparent Program in the four program emphasis areas: Education, Human Needs Services, Health and Nutrition, and Public Safety.

Education

The estimated dollar value of the services provided by the Foster Grandparents in the area of Education ranged from $26,896,629 (based on the federal minimum hourly wage of $5.15) to $74,683,845 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30)[1].

Public and private elementary schools were the location of most of the Education services provided by Foster Grandparents (44 percent). Other locations included: Head Start (13 percent); day care programs (11 percent); other educational stations (8 percent); and non-Head Start educational preschools (7 percent). Other locations such as Native American schools, before and after school care, public and private middle school/junior high schools, and public and private high schools comprised less than 3 percent each to total 17 percent of the locations.

1. **In the Elementary Education area, 10,081 Foster Grandparents provided services.**

   Some examples of these Foster Grandparent services included providing indirect supportive assistance in 13,348 kindergarten through sixth grade classrooms for 231,226 students and serving 124,959 students through direct one-to-one relationships. Foster Grandparents also served at extracurricular activities and clubs, physical education, physical fitness, and school sports programs, benefiting 67,978 special needs students in kindergarten through sixth grade. Foster Grandparents provided 17,417,136 hours of service in the elementary education area.

[1] Independent Sector is a national coalition of voluntary organizations, foundations and corporate giving programs. Independent Sector conducts research on the size and state of the non-profit, or independent, sector, including this valuation of volunteer time. Additional information about this organization can be found on its website at http://www.indepsec.org.



2. **In the area of Secondary Education, 2,246 Foster Grandparents performed activities.**

   Foster Grandparents served 300,678 students in seventh through twelfth grade through one-to-one relationships. They also provided supportive assistance in grade 7-12 classrooms to 11,510 students and served at extracurricular activities and clubs, physical education, physical fitness, and school sports programs, benefiting 8,123 special needs students. Foster Grandparents contributed 1,026,393 hours of service in the secondary education area.

3. **The Special Education area had 4,306 Foster Grandparents.**

   Foster Grandparents provided supportive services to 139,112 learning disabled elementary students (K-6) and provided supportive services to 35,542 learning disabled secondary students (7-12). Foster Grandparents also participated in and assisted 4,095 other special education programs for 549,569 special education students (K-12). Foster Grandparents provided 3,234,776 hours of service in the special education area.

4. **In the area of Tutoring, 6,298 Foster Grandparents provided services.**

   Foster Grandparents tutored 115,915 special needs students (K-12). Foster Grandparents also provided tutoring in reading to 40,948 students and provided information on tutoring programs to 27,539 children. Foster Grandparents spent 4,980,471 hours performing activities in the tutoring area.

5. **The Job Preparedness and Vocational areas were served by 708 Foster Grandparents.**

   Foster Grandparents assisted in job skills training through 698 educational programs affecting 3,312 students such as youth offenders.

6. **In the area of Cultural Heritage, 4,743 Foster Grandparents performed activities.**

   Foster Grandparents helped 127,508 special needs children to become aware of and appreciate their heritage as well as the cultures of others. These Foster Grandparents provided 3,905,939 hours of service to children in the cultural heritage area.

7. **English as a Second Language (ESL) programs were served by 589 Foster Grandparents.**

   Foster Grandparents tutored 4,751 K-12 students whose performance was adversely affected by a language barrier.

8. The Head Start area was served by 5,482 Foster Grandparents.

Foster Grandparents contributed to a productive classroom environment benefiting 52,073 children in Head Start; helped to develop social and behavioral skills for 47,334 children in Head Start; and provided emotional support and nurturing to 45,455 children in Head Start. Foster Grandparents also provided supportive services to 42,092 children in Head Start, including child development and school readiness activities, meals, nutritional information and monitoring child health status, and provided information on Head Start programs to 21,617 parents and/or children. Foster Grandparents spent 4,126,402 hours assisting children in the Head Start area.

Human Needs Services

The estimated dollar value of the services provided by the Foster Grandparents in the area of Human Needs Services ranged from $7,118,003 (based on the federal minimum hourly wage of $5.15) to $19,764,554 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30).

In the Human Needs Services area, the locations of the services were widespread: public and private elementary schools (19 percent); day care programs (13 percent); human needs agencies (12 percent); teen pregnancy/teen parenting programs (9 percent); transitional shelters and centers (8 percent); other educational stations (7 percent); non-Head Start educational pre-school (6 percent); Head Start (5 percent); and before and after-school care (5 percent). Other locations, including: public and private middle schools/junior high schools, hospitals/medical centers and clinics, residential long term care facilities, and juvenile correctional agencies comprised less than 3 percent each to total 16 percent of Human Needs Services sites.

1. Crisis and Intervention Services were performed by 517 Foster Grandparents.

Foster Grandparents intervened (in person) in 1,733 crises affecting 8,434 children and youth. Foster Grandparents provided 198,892 hours of service to children in the crisis intervention area.

2. In the area of Homeless services, 551 Foster Grandparents provided services.

Foster Grandparents participated in homeless programs and services benefiting 16,197 children and provided 210,344 hours of service to children in this area.

3. **Mentoring services were provided by 7,468 Foster Grandparents.**

   Among their accomplishments, Foster Grandparents provided nurturing and support to 176,088 special needs children, youth, and young adults and modeled prosocial behaviors (encouraging new activities, making individual contributions, etc.) for 173,900 children, youth and young adults. They also provided constructive guidance and feedback to help 148,665 children make productive choices. Foster Grandparents provided 5,899,899 hours of service to special needs children in the mentoring area.

4. **In the Respite area, 237 Foster Grandparents performed activities.**

   Foster Grandparents provided respite for 2,273 caregivers of special needs children.

5. **Teen Pregnancy Support/Parenting/Education services were provided by 1,059 Foster Grandparents.**

   Foster Grandparents provided one-on-one services on specific topics such as parenting skills, child health, and safety to 11,221 teen parents, and provided support services to 5,272 teen mothers and fathers. Foster Grandparents spent 667,742 hours performing services for youth in the teen pregnancy support/parenting/education area.

Health and Nutrition

The estimated dollar value of the services provided by the Foster Grandparents in the area of Health and Nutrition ranged from $5,963,693 (based on the federal minimum hourly wage of $5.15) to $16,559,381 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30).

Activities in the Health and Nutrition area took place in a variety of locations: hospital, medical center or clinic (18 percent); social service/human needs agencies (10 percent); day-care programs (9 percent); non-residential mental health programs (9 percent); residential long-term care programs (9 percent); public and private elementary schools (8 percent); other educational stations (7 percent); and other health care organizations (5 percent). Other sites such as non-residential developmental disability and rehabilitation centers, head start, before and after school care, teen pregnancy/teen parenting programs, non Head Start educational preschools, transitional shelters, public or private middle schools/junior high schools, and juvenile correctional agencies comprised less than 5 percent each to total 25 percent of the Health and Nutrition sites.

1. **In the Delivery of Health Service area, 5,298 Foster Grandparents performed activities.**

   Among these services, Foster Grandparents participated in the nurturing of 223,929 infants by feeding, cradling, singing, and rocking them and visiting with and nurturing 198,506 hospitalized children. They provided supportive or nurturing services at a clinic, hospital, hospice, or mobile unit to 80,446 children, such as those who are significantly medically impaired or terminally ill. Foster Grandparents helped with preparation for and recovery from operations for 65,003 children and provided information on the delivery of health services to 21,718 parents and/or children. Foster Grandparents spent 4,142,315 hours providing services to children in this area.

2. **In the area of Maternal and Child Health, 239 Foster Grandparents provided services.**

   Foster Grandparents provided such services as participating in post-natal care and well-child clinics benefiting 63,147 children and participating in pre-natal care and family planning programs benefiting 31,249 teen mothers.

3. **In the Mental Health area, 679 Foster Grandparents performed activities.**

   Among these services was serving in residential mental health settings, which benefited 10,810 children. Foster Grandparents provided 398,745 hours of service to children in the mental health area.

4. **In Mental Retardation services, 2,492 Foster Grandparents served mentally retarded or developmentally disabled children.**

   The most significant of these services was providing supportive services in residential or non-residential settings for 19,154 mentally retarded or developmentally disabled children. Foster Grandparents provided 1,970,821 hours of service in the mental retardation area.

5. **In the Substance Abuse field, 511 Foster Grandparents performed volunteer activities.**

   Foster Grandparents served 7,702 drug or alcohol-affected infants and provided supportive services through rehabilitation programs for 2,257 young alcoholics and drug abusers and their families. Foster Grandparents spent 247,604 hours in the substance abuse area.

6. **Physical Disabilities services were provided by 1,485 Foster Grandparents.**

   Some examples of these services included providing supportive services, rehabilitation, therapy, and exercise to 11,931 children with physical disabilities, and assisting during Special Olympics benefiting 741 young participants.

7. **Hospice and Terminally Ill services were provided by 24 Foster Grandparents.**

   Foster Grandparents provided nurture and support to 913 terminally ill children and their parents.

8. **Boarder Babies were served by 238 Foster Grandparents.**

   Foster Grandparents cared for 4,186 infants who remained hospitalized because of lack of non-institutional placement alternatives.

9. **In the area of HIV/AIDS, 206 Foster Grandparents performed activities.**

   Foster Grandparents provided nurturing and support for 3,047 AIDS and HIV positive children and caring for 1,060 Boarder Babies infected with HIV/AIDS.

Public Safety

The estimated dollar value of the services provided by the Foster Grandparents in the area of Public Safety ranged from $3,754,931 (based on the federal minimum hourly wage of $5.15) to $10,423,932 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30).

Most of the Public Safety activities supported by the Foster Grandparent stations took place in juvenile correction agencies (14 percent); other social services agencies (13 percent); Head Start (12 percent); day care programs (9 percent); other Foster Grandparent stations (9 percent); other educational stations (9 percent); transitional shelters (8 percent); public social/social service agencies (6 percent); and public and private kindergarten through sixth grade/elementary schools (6 percent). The remaining four locations, before and after school care, non-Head Start educational pre-school, courts, and public and private middle schools/junior high schools, comprised less than 6 percent each to total 14 percent of the Public Safety sites.

1. **In the area of Offender and Ex-Offender Services, 995 Foster Grandparents provided services.**

   Foster Grandparents provided one-on-one support and nurturing to 27,036 youth offenders/ex-offenders. Foster Grandparents spent 690,987 hours providing services in this area.

2. **Child Abuse and Neglect activities received support from 2,109 Foster Grandparents.**

   Foster Grandparents provided aid, assistance, and supportive counsel to 88,643 abused or neglected children and their families and provided information or referrals to 5,413 vulnerable parents in prevention and awareness of child abuse. Foster Grandparents provided 1,362,835 hours of service to abused/neglected children and their families.

3. **In the area of Family Violence, 615 Foster Grandparents performed activities.**

   Among these activities, Foster Grandparents helped 83,696 children from families with violence and provided information on family violence to 10,074 parents and/or children.

4. **Safe Children and Youth areas were supported by 4,493 Foster Grandparents.**

   Foster Grandparents provided information on child safety to 46,834 parents and/or children. They spent 3,413,351 hours providing services to children in the safe children and youth areas.

CONCLUSIONS AND RECOMMENDATIONS

According to its mission statement, the Foster Grandparent Program was designed to:

1. Enable low -income persons aged 60 and over to remain physically and mentally active and to enhance their self-esteem through continued participation in needed community services.

2. Enable children with either exceptional or special needs to achieve improved physical, mental, emotional, and social development, thereby helping them attain independent living.

Conclusions

Although the accomplishment survey was not designed to address the first goal, it is evident, through the number of hours served by the Foster Grandparents that the goal of enabling low income older adults to remain active through community service is being achieved. This report also delineates that the Foster Grandparent Program is achieving its second goal - that of improving the lives of children with exceptional or special needs through accomplishments in four program emphasis areas. Examples of how FGP meets the second goal include:

The educational requirements of children with special and exceptional needs, along with the needs of their families, were most commonly targeted by Foster Grandparent volunteer stations. The Foster Grandparents provided nurturing and support to these children to help them stay in school. As a key part of the classroom environment, Foster Grandparents served as extra eyes and ears, freeing up the costly resources of teachers and teacher's aides. The range of activities included small motor development for infants, to pregnancy education for teens. In addition, for children with special needs Foster Grandparents were able to provide individual attention to students who had more questions or who needed extra help. Foster Grandparents also served as tutors, tutoring reading and other subjects, helping children make positive decisions for the future.

Other activities of Foster Grandparents focused in the area of Health and Nutrition. In hospitals, Foster Grandparents visited with and nurtured hospitalized children and infants. Extra care from the Foster Grandparents helped the care team effectively handle the caseload. Foster Grandparents also served in more specialized health areas such as mental health, mental retardation, substance abuse, and HIV/AIDS.

In the area of Human Needs Services, Foster Grandparents served as mentors and provided support to special needs children and teens. Some of the areas included modeling prosocial behaviors, providing constructive guidance and feedback and providing nurturing and support. For teen parents, Foster Grandparents provided support in a multitude of ways. In some instances, care for the infants allowed teen parents to stay in school and make positive decisions for their future.

Public Safety was also an area of focus for Foster Grandparents. Foster Grandparents provided youth offenders with one-on-one support. In situations where children were abused, neglected or victims of violence, Foster Grandparents provided aid, assistance and supportive counsel.

Recommendations

The recommendations for this report focus on the measurement of Foster Grandparent accomplishments. This accomplishment information is an important component of the Corporation for National Service's 1999 annual performance plan required by the Government Performance and Results Act (GPRA). The data elements identified by the Corporation that will help measure the Foster Grandparents' compliance with GPRA include the number of Foster Grandparents serving during the current reporting year, the number of hours served and the number of children served.

In line with the Programming for Impact model, the extent to which the Foster Grandparent program is able to report on accomplishments, such as children served, will provide valid indicators of the success of programming for impact.

The following recommendations are offered:

The Corporation for National Service (CNS) should require that each project keep an up-to-date volunteer station list in a computerized format. As this survey was administered on a sample of Foster Grandparent volunteer stations, the sample universe is very important to the accuracy of the results. Two elements could have enhanced the results and the sample: 1) a more complete computerized station universe list, and 2) higher quality control on lists which were provided to us.

National Senior Service Corps (NSSC) should strengthen policy and definitions on service categories. The definitions used for the program emphasis areas were often questioned due to the nature of some activities performed by Foster Grandparents. The station supervisors and Project Directors contend that some of the categories enforced artificial boundaries around activities which were often done together (e.g., Tutoring and Mentoring).

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Senior Companion Program

Accomplishment Report

May 1999



Senior Companion Program Accomplishment Report

July 1, 1997 - June 30, 1998

May 1999

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AGUIRRE INTERNATIONAL

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INTRODUCTION

This report presents the findings from the first survey on the accomplishments of the Senior Companion Program (SCP). This report summarizes the community service accomplishments from all Senior Companion Projects for the period between July 1, 1997, and June 30, 1998. The information reported here was collected by Aguirre International on the Senior Companion Program accomplishment survey. The survey sample consisted of a random selection of 1,282 community organizations serving as volunteer stations and representing all 190 SCP projects. The accomplishments are grouped within four of the Corporation for National Service's program emphasis areas: Health and Nutrition, Human Needs Services, Community and Economic Development, and Public Safety. The list, while both long and diverse, is not exhaustive, not every accomplishment has been captured. Nevertheless, the list summarizes the major accomplishments for the Senior Companion Program.

SUMMARY OF SENIOR COMPANION PROGRAM ACCOMPLISHMENTS

This summary of the overall Senior Companion Program accomplishments was drawn from information about accomplishments from all 190 Senior Companion Projects that were active between July 1, 1997, and June 30, 1998 (referred to in this report as the *current reporting year)*. During this period, the Senior Companions:

- Helped ease the feelings of loneliness by participating in peer counseling and support, letter writing, listening, reading, and talking to over 75,000 frail adults.
- Provided health services to over 14,000 frail adults at clinics, hospitals, nursing homes, mobile units, and adult day care centers.
- Provided light housekeeping, meal preparation, and nutritional information to over 10,000 frail adults receiving long term care in the home.
- Provided rehabilitation, therapy, and exercise to over 8,000 frail adults with physical disabilities.
- Provided nurturing and support to over 3,500 terminally ill adults.
- Aided over 2,700 frail, abused adults and their families.
- Assisted in teaching health practices including first aid and CPR to over 1,000 frail adults.

- Recorded nearly 13 million hours of service.
- Provided over 460,000 hours of service to frail adults with mental health problems, such as Alzheimer's disease, dementia, and depression.
- Provided over 500,000 hours of service to frail adults with developmental disabilities.
- Provided over 600,000 hours of service to frail adults with physical disabilities.
- Volunteers allowed the organization to offer new in-home services to over 8,000 frail adults.
- Provided information on in-home care services to over 11,000 frail adults.
- Served as "eyes and ears" to identify potential problems or needed services for case management professionals with over 12,000 frail adults.
- Provided information on respite services to over 7,000 frail adults and their caregivers.

BACKGROUND

The Senior Companion Program (SCP) is authorized under Title II, Part C of the Domestic Volunteer Service Act of 1973, as amended (P.L. 93-113). Since 1993, the Senior Companion Program has been administered by the Corporation for National Service.

The Senior Companion Program is a part-time, 20-hour per week service program that is focused on assisting homebound frail adults, mostly elderly people. Through the Senior Companion Program, people age 60 and older provide assistance and friendship to adults who are homebound, and, generally, living alone. Senior Companions not only assist frail adults with chores and errands, they also help make the lives of the people they serve less lonely. Senior Companions often serve clients for several years and form the most meaningful friendships in their lives. Senior Companions usually serve two to four clients, providing an average of 20 hours of weekly service. Senior Companions meet income eligibility requirements and receive small stipends.

The SCP is one of three national programs that comprise the National Senior Service Corps. The Senior Companion Program, Retired and Senior Volunteer Program (RSVP) and the Foster Grandparents Program (FGP) were designed for each to achieve specific and varying goals related to volunteer service, but all were crafted on the same belief: that senior volunteers are valuable resources to meet community needs.

STUDY METHODOLOGY

The accomplishments described in this report were derived from the survey form entitled, "Meeting Community Needs: A Survey of the Senior Companion Program's (SCP) Activities, Inputs and Accomplishments." First, a process was undertaken to identify the universe of stations belonging to all 190 projects. 2,611 community organizations serving as volunteer stations were identified. The goal of the sample was to randomly and efficiently select a portion of the population or universe under study in such a manner that the characteristics of the sample had a very high probability of accurately reflecting the characteristics of the population or universe. Utilizing a random sampling procedure with probabilities proportional to the station size, 1,282 Senior Companion stations were selected for the study.

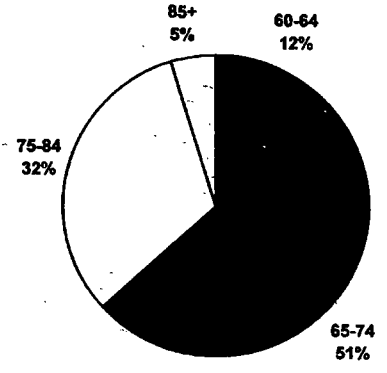
The results of the survey reflect the entire population with 95 percent confidence (+ or - 3 percent standard error). This means that the estimates in this report have a high degree of precision.

The survey achieved an 81 percent response rate (1,018 surveys were completed and returned). This is 1 percent above our survey goal of 80 percent. A procedure was undertaken to verify that the missing volunteer stations were not biased with respect to characteristics such as station size, volunteer age, location, and emphasis area. In order to produce national estimates presented in this report, a weighting procedure was used. This weighting procedure first calculated mean weighted sums for each parameter of interest, then each mean weighted sum was multiplied by a constant to arrive at the national weighted value for each parameter.

SENIOR COMPANION VOLUNTEER PROFILE

During the current reporting year, the Senior Companions ranged in age from 60 to over 85 years. The greatest percentage of these (51 percent) fall within the 65 to 74 year age range. The next greatest percentage (32 percent) is in the 75 to 84 year range. Twelve (12) percent are in the 60 to 64 year range, and 5 percent are 85 years or older (see Figure 1).

Figure 1. Age of Senior Companions



Females comprise 86 percent of the Senior Companions, compared to 14 percent males.

Fifty-four (54) percent of the Senior Companions are White, and 29 percent are African American. The remainder of the volunteers are Hispanic/Latino (11 percent), American Indian/Alaskan Native (3 percent), Asian (2 percent), and Hawaiian/Pacific Islander (1 percent). Over four-fifths (84 percent) of the volunteers are of non-Hispanic/Latino origin, and 16 percent are of Hispanic/Latino origin.

SENIOR COMPANION PROGRAM CHARACTERISTICS

This section describes selected characteristics of the Senior Companion Projects for the current reporting year, including, the percentage of volunteers engaged in the four program emphasis areas (Health and Nutrition, Human Needs Services, Community and Economic Development, and Public Safety); the percentage of clients served by these volunteers; and the percentage of volunteer hours served in each program emphasis area.

While specific examples of the four program emphasis areas are discussed in more detail below, the following discussion will give the reader an idea of some of the kinds of activities that take place within each of the four program emphasis areas.

Health and Nutrition

Health and Nutrition activities may include supportive roles in the delivery of health services; participation in preventive health care programs; various activities in the area of mental health and mental retardation; participation in prevention and rehabilitation programs for substance abuse; services to adults with physical disabilities; services to the terminally ill; and services to HIV and AIDS frail adults.

Human Needs Services

Human Needs Services include such activities as crisis intervention; providing support and social activities to frail adults in adult day cares and senior centers; and providing temporary relief from the stresses of caregiving through short-term intermittent assistance to an adult who is a primary caregiver for a person with disabilities.

Community and Economic Development

Senior Companions provided consumer information to their frail clients, as well as providing transportation services to allow frail adults to continue to live independently.

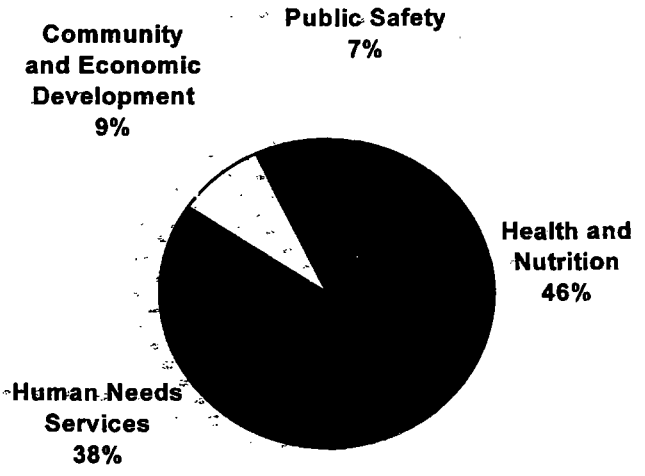
Public Safety

Senior Companions provided aid, assistance, and counsel for elderly victims of family violence; identified and reported safety problems; and supplied crime avoidance information to their frail clients.

SENIOR COMPANION PARTICIPATION BY PROGRAM EMPHASIS AREA

During the reporting year, 15,568 Senior Companions actively participated in the four program emphasis areas (see Figure 2). Over this period, 46 percent of the Senior Companions volunteered in the program emphasis area of Health and Nutrition; 38 percent in the area of Human Needs Services; 9 percent in Community and Economic Development; and 7 percent in Public Safety.

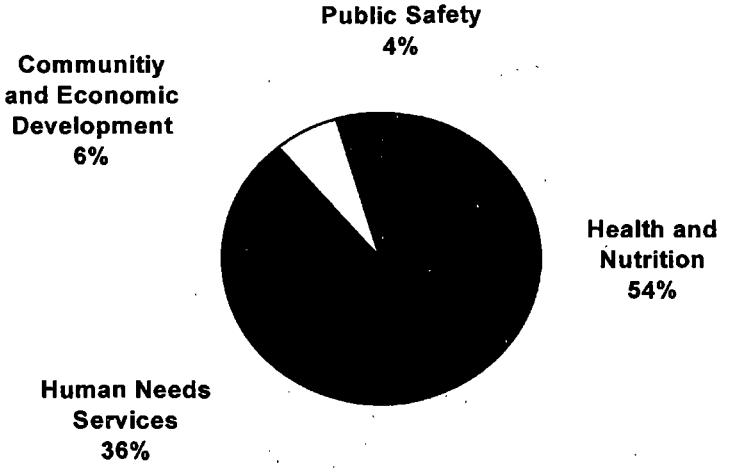
Figure 2. Percentage of Senior Companions by Program Emphasis Area



CLIENTS SERVED BY PROGRAM EMPHASIS AREA

In looking at the number of clients whom Senior Companions served by program emphasis area, we find that the greatest percentage was in the area of Health and Nutrition at 54 percent. Human Needs Services followed with 36 percent of the clients. Community and Economic Development and Public Safety activities served 6 percent and 4 percent of the clients, respectively (see Figure 3).

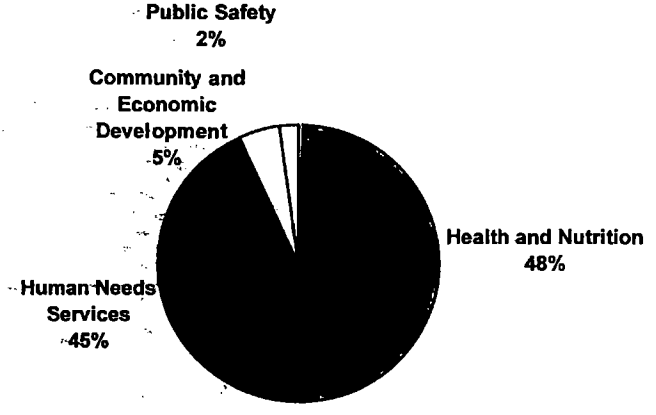
Figure 3. Percentage of Clients Served by Program Emphasis Area



VOLUNTEER HOURS SPENT BY PROGRAM EMPHASIS AREA

Senior Companions served 12,795,807 hours in the four program emphasis areas (see Figure 4). Nearly half of these hours (48 percent) were in the area of Human Needs Services and 45 percent of the volunteer hours were spent in the Health and Nutrition area. Community and Economic Development accounted for 5 percent of the volunteer hours, and Public Safety accounted for 2 percent (see Figure 4).

Figure 4. Percentage of Volunteer Hours Spent by Program Emphasis Area



SITES OF SENIOR COMPANION VOLUNTEER SERVICE (VOLUNTEER STATIONS)

Most of the project sites of the Senior Companion activities (12 percent) were located at multipurpose/senior centers, nursing homes were the next most common sites comprising (10 percent). The remaining locations were very diverse: other social and human needs organizations (9 percent); home health organizations (8 percent); adult day care centers (8 percent); public housing (7 percent); nutrition sites (6 percent); non-profit organizations (6 percent); other SCP stations (6 percent); public health agencies (5 percent); health care organizations (5 percent); residential long term care programs (4 percent); hospitals/medical centers/clinics (4 percent); and several other venues (less than 3 percent, each) totaled 18 percent (see Figure 5). These stations supervised the Senior Companions. However, most of the services were performed in private homes of the frail clients.

Figure 5. Sites of Senior Companion Volunteer Service (Volunteer Stations)

Site Type	Percent
Multi-Purpose Centers (including senior centers)	12%
Nursing Homes/Convalescent Centers/Hospices	10%
Other Social Services/Human Needs Agencies	9%
Home Health Care Agencies	8%
Adult Day Care	8%
Public Housing	7%
Non Profit Agencies on Aging	6%
Other SCP Stations	6%
Nutrition Site	6%
Other Public Health Agency	5%
Other Health Care Organizations	5%
Residential Long-Term Care Programs (MH/MR/DD)	4%
Hospital/Medical Center/Clinic	4%
Non-Residential Mental Health programs	2%
Rehabilitation Center	2%
Other social service/human need org./agency	2%
Other Public Social/Social Service Agency	2%
Veteran's Assistance	1%
Other Not Specified	1%

ACCOMPLISHMENTS BY PROGRAM EMPHASIS AREA

The following information on the accomplishments of Senior Companions was drawn from responses to the survey form completed by Senior Companion Station Supervisors and their SCP Project Directors.

Below we detail accomplishments for the Senior Companion Program in the four program emphasis areas: Human Needs Services, Health and Nutrition, Community and Economic Development, and Public Safety.

Human Needs Services

The estimated dollar value of the services provided by Senior Companions in the area of Human Needs Services ranged from $15,769,539 (based on the federal minimum hourly wage of $5.15) to $43,787,263 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30)[1].

In the Human Needs Services area, the types of organizations serving as stations were widespread: multipurpose/senior centers (20 percent); home health organizations (10 percent); adult day care centers (10 percent); social service/human needs agencies (9 percent); non-profit community organizations (9 percent); public housing (8 percent); nursing homes (6 percent); and other SCP stations (5 percent). The remaining 23 percent of sites each made up less than 4 percent of the locations each, they include: residential mental health centers; hospital/medical centers/clinics; rehabilitation centers; nutrition sites; and veterans' assistance.

1. **In the area of Senior Center and Adult Day Care, 1,609 Senior Companions performed services.**

   Senior Companions assisted with supportive services and social activities at adult day cares benefiting 8,655 frail adults and assisted with supportive services and social activities at senior centers benefiting 21 frail adults. Senior Companions provided 868,137 hours of service in the senior center/adult day care area.

[1] Independent Sector is a national coalition of voluntary organizations, foundations and corporate giving programs. Independent Sector conducts research on the size and state of the non-profit, or independent, sector, including this valuation of volunteer time. website at http://www.indepsec.org.

2. **Companionship/Outreach services were provided by 9,629 Senior Companions.**

   Senior Companions participated in activities such as peer counseling, support, writing letters, listening, reading, and talking to 76,914 frail adults to ease feelings of loneliness and provided friendly visiting, reassurance, and bereavement outreach to 42,232 frail adults. Senior Companions provided 5,096,622 hours of service in the companionship/outreach area.

3. **In the area of Housing Referrals and Relocation, 439 Senior Companions performed activities.**

   Among these services was the provision of assistance to 1,646 frail adults transitioning from institutional to independent living.

4. **The SCP Program had 3,340 Senior Companions who performed service activities in the Respite area.**

   Senior Companions were active in providing respite for 12,104 caregivers of frail adults and in providing information on respite service to 7,422 frail adults and their caregivers. Senior Companions provided 1,520,750 hours of service in the respite area.

Health and Nutrition

The estimated dollar value of the services provided by Senior Companions in the area of Health and Nutrition ranged from $14,942,973 (based on the federal minimum hourly wage of $5.15) to $41,492,138 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30).

Activities in the Health and Nutrition area took place through a variety of station organizations: multipurpose/senior centers (14 percent); home health programs (11 percent); public housing (11 percent); nursing homes (8 percent); social service and human needs organizations (8 percent); adult day care centers (7 percent); and non-profit community organizations (6 percent). The remaining station types (4 percent or less each) totaled 35 percent and included: residential and non-residential mental health programs, hospitals/medical centers/clinics, rehabilitation centers, and veterans' assistance.

1. **In the Delivery of Health Services, 2,402 Senior Companions performed related activities.**

   Senior Companions' activities included providing health services at a clinic, hospital, mobile-unit, nursing home or adult day care center to 14,167 frail adults, and providing escort and support services to 7,478 frail adults in community clinics. They have provided information on the delivery of health services to 6,182 frail adults, and furnished other health services to 5,840 frail adults. Senior Companions have also helped with preparation for and recovery from operations for 179 frail adults. Senior Companions spent 923,004 hours serving clients in the delivery of health services area.

2. **In the area of Health Education, 1,402 Senior Companions provided services.**

   Senior Companions have been active in disseminating 14,371 information packets on general health or specific health problems to 11,475 frail adults, and providing information on health practices, including first aid and CPR to 2,177 frail adults. Senior Companions have also assisted in teaching health practices, including First Aid and CPR to 1,141 frail adults.

3. **In the Mental Health area, 1,365 Senior Companions performed activities.**

   The most significant of these services was providing support services to 5,760 frail adults with mental health issues or environmental impairment. Senior Companions spent 460,604 hours providing mental health services.

4. **The SCP Program had 1,053 Senior Companions who provided activities in the Mental Retardation area.**

   Among these activities was the provision of support services to 463 frail adults with developmental disabilities. Senior Companions spent 516,401 hours assisting clients in this area.

5. **In the Substance Abuse field, 283 Senior Companions volunteered.**

   Senior Companions provided support services through rehabilitation programs for 253 frail adult alcoholics and drug abusers and their families and supported participation in AA type group meetings for 210 frail adults. Senior Companions have also provided information on substance abuse to 1,568 frail adults and disseminated 1,366 informational fliers on alcohol, prescription and illegal drugs, and over-the-counter medication use to 590 alcoholics and drug abusers.



6. **Physical Disabilities services were provided by 2,171 Senior Companions.**

   Senior Companions have provided services, rehabilitation, therapy and exercise to 8,362 frail adults with physical disabilities and provided information on physical disabilities to 6,632 frail adults. Senior Companions provided 644,892 hours of services in the physical disabilities area.

7. **In-Home Care was provided by 6,738 Senior Companions.**

   Senior Companions provided services such as light housekeeping, meal preparation and nutritional information to 10,044 frail adults needing long term care at home; providing support for limited health and maintenance activities (e.g., bathing, dressing, grooming, toileting, etc.) to 620 frail adults needing long-term care at home. Senior Companions allowed the organization to offer new in-home services to 8,132 frail adults and allowed the organization to deliver services more efficiently by freeing up professional/para-professional caregivers to expand in-home care services to 11,241 additional frail adults. They also provided information on in-home care services to 11,196 frail adults. Senior Companions performed 3,387,751 hours of activities in the in-home care area.

8. **Hospice and Terminally Ill services were performed by 831 Senior Companions.**

   Senior Companions provided nurturing and support to 3,515 terminally ill adults; provided services at hospices, health care institutions, and in the home to 2,792 terminally ill adults; and provided information on terminal illness and hospices to 1,513 frail adults.

9. **In the area of HIV/AIDS, 190 Senior Companions provided services.**

   Among these services, have been the provision of nurturing and support for 475 HIV/AIDS frail adults and families; the provision of support services to 100 HIV/AIDS frail adults at hospices, health care institutions, and in the home; and the furnishing of information on HIV/AIDS programs to 294 frail adults.

10. **The SCP Program had 699 Senior Companions who performed activities in the Immunization area.**

    Senior Companions disseminated 4,015 copies of informational fliers regarding the importance of immunizations to 4,793 frail adults.

11. "Other Health and Nutrition" activities were performed by 3,192 Senior Companions.

Senior Companions have provided information on other health and nutrition services to 14,456 frail adults and served as "eyes and ears" to identify potential problems or needed services for case management professionals with 12,018 frail adults. Senior Companions' provision of other health and nutritional services totaled 1,057,332 hours.

Community and Economic Development

The estimated dollar value of the services provided by Senior Companions in the area of Community and Economic Development ranged from $1,756,556 (based on the federal minimum hourly wage of $5.15) to $4,877,429 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30).

Many of the Community and Economic Development project activities performed by Senior Companions were scattered among a variety of agencies and locations. Public housing and social services/human needs agencies each made up 17 percent of the stations. Educational stations made up 14 percent of the sites, and non-residential mental health programs made up 12 percent. Other sites totaled 57 percent and included veterans' assistance, hospitals/medical centers/clinics, adult day care centers, multipurpose/senior centers, home health care agencies, residential long-term care programs, rehabilitation centers, and public health agencies.

1. The SCP Program had 2,728 Senior Companions who performed activities in the Transportation area.

Among these services, Senior Companions drove 6,492 frail adults needing escort services for grocery shopping, errands, and doctor visits for over 1,500,000 miles. Senior Companions spent 664,115 hours serving clients in the transportation area.

Public Safety

The estimated dollar value of the services provided by Senior Companions in the area of Public Safety ranged from $531,3343 (based on the federal minimum hourly wage of $5.15) to $1,475,380 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30).

Most of the Public Safety activities were performed by Senior Companions assigned to multipurpose/senior centers (21 percent); social services/human needs agencies (14 percent); other SCP stations (10 percent); non-profit agencies on aging (10 percent); public housing (9 percent); and home health care agencies (7 percent). Other stations totaled 29 percent and included: other health care organizations, adult day care centers, hospitals/medical centers/clinics, rehabilitation centers, nutrition sites, veteran's assistance, and other public social/social service agencies.

1. **Crime Awareness and Avoidance activities were performed by 1,311 Senior Companions.**

   Senior Companions provided safety escort services to 1,192 frail adults and identified and reported potential crime problems benefiting 58 frail adults. These Senior Companions served 140,977 hours in the area of crime awareness and avoidance.

2. **In the areas of Elder Abuse and Neglect, 458 Senior Companions volunteered.**

   Senior Companions aided and assisted 2,742 frail, abused adults and their families.

CONCLUSIONS AND RECOMMENDATIONS

According to the program's mission statement, the Senior Companion Program was designed to meet the following goals:

1. Develop volunteer service opportunities through which low-income older persons can contribute to their communities;

2. Provide a stipend and other benefits which enable eligible persons to participate as Senior Companions without cost to themselves;

3. Establish new social service roles for low-income older persons through which they can maintain a sense of self-worth, retain physical health and mental alertness, and enrich their social contacts;

4. Provide supportive services to adults, especially older persons, in an effort to maintain independent living.

Conclusions

This report delineates that the Senior Companion Program is achieving its first and fourth goal through accomplishments in four program emphasis areas. The Accomplishment Survey was not designed to address the second and third goals. Examples of how SCP meets the first and fourth goal include:

Senior Companions were engaged in a wide variety of activities to address the needs of frail adults. The Senior Companions provided nurturing and support to frail adults, in many cases, so that they could remain in their homes. Most of the Senior Companions served the clients in their homes while some served through senior living facilities.

Over half of the Senior Companion stations center around two main activities: In Home Care and Companionship/Outreach. Clients rely on Senior Companions to help "get things done." In some instances, the Senior Companions free up costly resources like physical therapists and home health nurses. The range of activities include friendly visiting, light housekeeping, helping with paperwork, driving and other activities around the home.



Other Senior Companion activities included respite activities, giving family members a break from their day-to-day duties. They also served as "eyes and ears" to identify potential problems for case management and provided support to health services. Public safety was also an activity area for the Senior Companions. Senior Companions identified safety and crime problems, and assisted in situations involving adult abuse.

Recommendations

The recommendations for this report focus on the measurement of Senior Companions' accomplishments. These accomplishment data are an important component of the Corporation for National Service's 1999 annual performance plan required by the Government Performance and Results Act (GPRA). The data elements identified by the Corporation that will help measure the Senior Companions' compliance with GPRA include the number of Senior Companions serving during the current reporting year, the number of hours served and the number of clients served.

In line with the Programming for Impact model, the extent to which the Senior Companion Program is able to report on accomplishments, such as clients served, will provide valid indicators of the success of programming for impact.

The following recommendations are offered:

The Corporation for National Service (CNS) should require that each project keep an up-to-date station list in a computerized format. As this survey was administered on a sample of Senior Companion stations, the sample universe is very important to the accuracy of the results. Two elements could have enhanced the results and the sample: 1) a more complete computerized station universe list, and 2) higher quality control on lists which were provided to us.

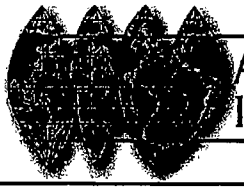
National Senior Service Corps (NSSC) should strengthen policy and definitions on service categories. The definitions used for the program emphasis areas were often questioned due to the nature of some activities performed by Senior Companions. The station supervisors and project directors contend that some of the categories enforced artificial boundaries around activities which were often done together (e.g., In-home Care and Companionship/Outreach).

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Retired and Senior Volunteer Program

Accomplishment Report

May 1999



Retired and Senior Volunteer Program Accomplishment Report

July 1, 1997 - June 30, 1998

May 1999

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AGUIRRE INTERNATIONAL

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INTRODUCTION

This report presents the findings from the first dedicated survey on the accomplishments of the Retired and Senior Volunteer Program (RSVP). This report summarizes the community service accomplishments from all Retired and Senior Volunteer Projects for the period between July 1, 1997, and June 30, 1998. Information reported here was collected by Aguirre International on the Retired and Senior Volunteer Program accomplishment survey. The survey sample consisted of a random selection of 1,381 community organizations serving as volunteer stations and representing all 752 RSVP projects. The accomplishments are grouped within the Corporation for National Service's six program emphasis areas: Health and Nutrition, Human Needs Services, Education, Environment, Public Safety, and Community and Economic Development. An additional category, Leadership, was added. The list, while both long and diverse, is not exhaustive; not every accomplishment has been captured. Nevertheless, the list summarizes the major accomplishments for the Retired and Senior Volunteer Program.

SUMMARY OF RETIRED AND SENIOR VOLUNTEER PROGRAM ACCOMPLISHMENTS

This summary of the overall Retired and Senior Volunteer Program accomplishments was drawn from information about accomplishments from all 752 RSVP Projects that were active between July 1, 1997, and June 30, 1998 (referred to in this report as the *current reporting year).* During this period, the Retired and Senior Volunteers:

- Recorded over 91 million hours of service;
- Distributed nearly 40 million pounds of food aiding 2,844,879 people;
- Organized supportive services at senior centers and adult day care centers for over 13 million older individuals;
- Served at group meal settings benefiting over 9 million people;
- Provided more than 8 million hours of service in libraries and bookmobiles;
- Provided safety escorts to over 1 million individuals;
- Provided over 840,000 hours of service in libraries and bookmobiles;
- Provided visiting, reassurance, and bereavement outreach to over 430,000 individuals;

- Served as classroom, playground, and computer aides for over 106,000 students in kindergarten through sixth grade;
- Aided nearly 45,000 individuals by participating in emergency relief, response, and recovery;
- Tutored over 30,000 students in kindergarten through twelfth grade;
- Served over 10,000 terminally ill individuals and their families at hospices, hospitals, and in the home;
- Set up ground water and surface protection programs benefiting nearly 10,000 people;
- Provided health services at a clinic, hospital, or mobile unit, skilled nursing facility or adult day care center to over 5 million people;
- Provided information, class enrollment or referrals for health practices, including first aid and CPR to over 9 million people;
- Provided information, referrals, and class enrollment on pre-and post-natal care, family planning and well child clinic to over 1.5 million children/mothers;
- Delivered meals to over 3.5 million individuals in their homes;
- Provided emotional support and nurturing to over 80,000 children in Head Start;
- Developed and operated over 350 other adult educational programs benefiting over 1 million people;
- Volunteer executives provided assistance for over 2,000 private, nonprofit or public agencies to expand and improve their operations benefiting over 3 million people;
- Assisted over 500 local police and community organizations to help insure safer neighborhoods for almost 3 million people;
- Conducted over 700,000 patrols, freeing up over 500,000 hours of police officers' time; and
- Provided respite for over 11,000 caregivers of significantly medically impaired individuals.

BACKGROUND

The Retired and Senior Volunteer Program (RSVP) began in 1971 and grew out of a pilot program in New York which demonstrated beyond doubt the value of the services of older volunteers. Since 1993, the Retired and Senior Volunteer Program has been administered by the Corporation for National Service.

RSVP was authorized under Title II, Part A, of the Domestic Volunteer Service Act of 1973, as amended (P.L. 93-113). The purpose of the program is to provide a variety of opportunities for retired persons, aged 55 or older, to participate more fully in the life of their community through significant volunteer service.

RSVP Volunteers serve from a few to over 40 hours a week, providing hundreds of services in organizations that range from education centers to police departments to hospitals. RSVP involves seniors in services that match their personal interests and makes use of their skills and life experiences.

RSVP is one of three national programs that comprise the National Senior Service Corps. The Retired and Senior Volunteer Program (RSVP), along with the Foster Grandparent Program and the Senior Companion Program (SCP), was designed for each to achieve specific and varying goals related to volunteer service, but all were crafted on the same belief: that senior volunteers are valuable resources to meet community needs.

STUDY METHODOLOGY

The accomplishments described in this report were derived from the survey form entitled, "Meeting Community Needs: A Survey of the Retired and Senior Volunteer Program's (RSVP) Activities, Inputs and Accomplishments." First, a process was undertaken to identify the universe of volunteer stations belonging to all 752 projects. The goal of the sample was to randomly and efficiently select a portion of the population or universe under study in such a manner that the characteristics of the sample had a very high probability of accurately reflecting the characteristics of the population or universe. Utilizing a random sampling procedure with probabilities proportional to the volunteer station size, 1,381 RSVP stations were selected for the study.

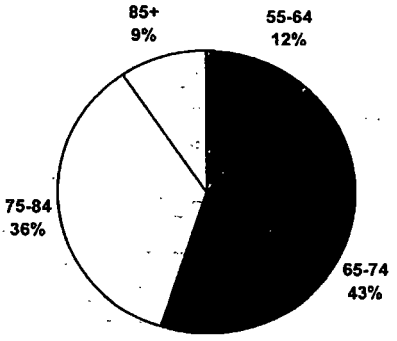
The results of the survey reflect the entire population with 95 percent confidence (+ or - 3 percent standard error). This means that the estimates in this report have a high degree of precision.

The survey achieved a 77 percent response rate (1,063 surveys were completed and returned). This is 3 percent below our survey goal of 80 percent. A procedure was undertaken to verify that the missing volunteer stations were not biased with respect to characteristics such as station size, volunteer age, location, and emphasis area. In order to produce national estimates presented in this report, a weighting procedure was used. This weighting procedure first calculated mean weighted sums for each parameter of interest, then each mean weighted sum was multiplied by a constant to arrive at the national weighted value for each parameter.

RETIRED AND SENIOR VOLUNTEER PROFILE

During the current reporting year, the RSVP Volunteers ranged in age from 55 to over 85 years. The greatest percentage of these (43 percent) fall within the 65 to 74 year age range. The next greatest percentage (36 percent) is in the 75-84 year range. Twelve percent are in the 55-64 year range, and nine percent are 85 years or over (See Figure 1).

Figure 1. Age of RSVP Volunteers



Females comprise seventy-six (76) percent of the volunteers in the Retired and Senior Volunteer Program, compared to twenty-four (24) percent males.

Ninety-one percent of the RSVP Volunteers are White, four percent are African American, four percent are Hispanic/Latino, and one percent are of Asian origin. In regard to ethnicity, ninety-one percent are of non-Hispanic/Latino origin, and nine percent are of Hispanic/Latino origin.

RETIRED AND SENIOR VOLUNTEER PROGRAM CHARACTERISTICS

This section describes selected characteristics of the RSVP projects for the current reporting year, including, the percentage of volunteers engaged in the program emphasis areas of the program (Health and Nutrition, Human Needs Services, Education, Environment, Community and Economic Development, and Public Safety) and the added category of Leadership; the percentage of clients served by these volunteers; and the percentage of volunteer hours served in each program emphasis area.

While specific examples of the six program emphasis areas are discussed in more detail below, the following discussion will give the reader an idea of some of the kinds of activities that take place within each of the six program emphasis areas.

Health and Nutrition

Health and Nutrition activities may include supportive roles in the delivery of health services; participation in preventive health care programs for mothers and special needs children; various activities in the area of mental health and mental retardation; participation in prevention and rehabilitation programs for substance abuse; services to individuals with physical disabilities; services to the terminally ill; care for boarder babies; and services to victims of HIV and AIDS.

Human Needs Services

Human Needs Services include such activities as crisis intervention; participation in programs and services for children and families experiencing housing crises; providing guidance and leadership through mentoring youth; providing temporary relief from the stresses of caregiving through short-term intermittent assistance to an adult who is a primary caregiver for a person with disabilities; and providing counseling and information to pregnant teens and teen parents.

Education

Education activities may consist of serving special needs children and youth in kindergarten through twelfth grade classrooms; participating in educational programs for children who are physically and/or mental disabled; tutoring special needs school children in grade K-12 in a variety of academic subjects; participating in programs for developing skills or trades for grade seven through twelve; participating in programs which help children become more aware of cultural heritage; providing services to Head Start programs; promoting adult literacy; and serving in library programs.

Environment

Environment activities may consist of projects involving waste management and recycling; environmental awareness and education; clean and safe waters; energy conservation; and wildlife, land, and vegetation protection.

Community and Economic Development

RSVP Volunteers may perform a myriad of activities in Community and Economic Development. These include consumer education, tax consulting and counseling, food production, cooperatives and credit unions; job development, management consulting, small and minority business development, regional and city planning, and community improvement.

Public Safety

RSVP Volunteers may participate in rehabilitation services for youth and adult offenders; conduct neighborhood watch and citizen patrols; provide aid, assistance and counsel to abused and neglected children or other victims of crime and their families; provide aid, assistance, and counsel for victims of family violence; and participate in efforts which promote child safety.

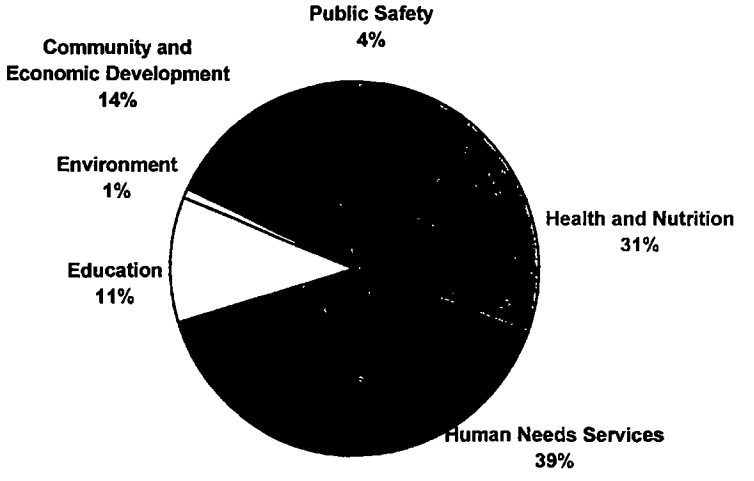
Leadership

RSVP Volunteers may aid in organizational capacity building. They may recruit other volunteers, perform supportive assistance such as filing, mailing or other administrative tasks in order to free up the time of professionals. In some roles they allow the organization to expand services or to offer new services to their clients.

RETIRED AND SENIOR VOLUNTEERS BY PROGRAM EMPHASIS AREA

During the reporting year, 488,156 RSVP Volunteers actively participated in the six program emphasis areas (see Figure 2). Over this period, 39 percent of the participants volunteered in the program emphasis area of Human Needs Services and 31 percent in Health and Nutrition. The remaining participants served in the areas of Community and Economic Development (14 percent); Education (11 percent); Public Safety (4 percent); and Environment (1 percent).

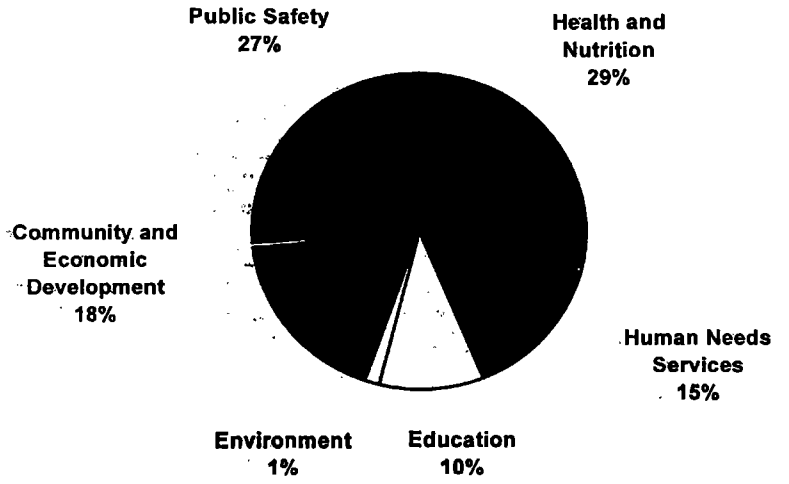
Figure 2. Percentage of RSVP Volunteers by Program Emphasis Area



CLIENTS SERVED BY PROGRAM EMPHASIS AREA

In looking at the clients whom RSVP Volunteers served by program emphasis area, we find that the largest percentage was in the area of Health and Nutrition (29 percent), followed by Public Safety (27 percent), Community and Economic Development (18 percent), Human Needs Services (15 percent), Education (10 percent), and Environment (1 percent) fewer than one (1) percent of the clients were served in the Leadership category (see Figure 3).

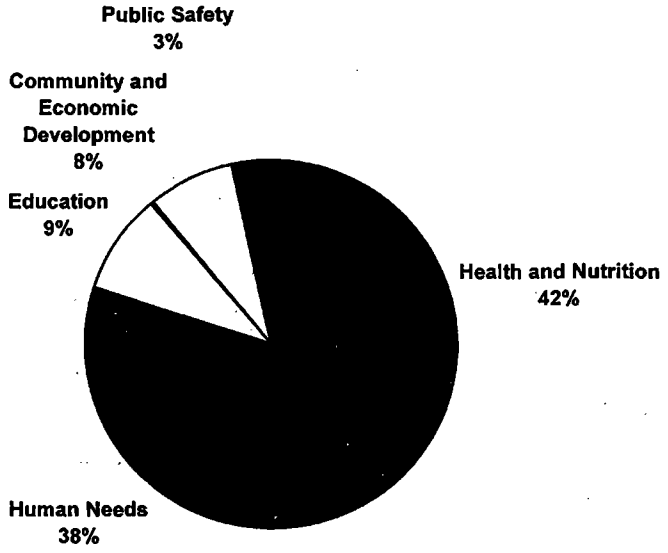
Figure 3. Percentage of Clients Served by Program Emphasis Area



VOLUNTEER HOURS SPENT BY PROGRAM EMPHASIS AREA

RSVP Volunteers served some 91,297,772 hours in the six program emphasis areas. Over two-fifths of the volunteer hours (42 percent) were spent in the area of Health and Nutrition, while Human Needs Services tallied 38 percent of the volunteer hours. Community and Economic Development had 9 percent, Education had 8 percent, and Public Safety had 3 percent. Both Environment and Leadership had less than 1 percent of the hours (see Figure 4).

Figure 4. Volunteer Hours Spent by Program Emphasis Area



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SITES OF RSVP VOLUNTEER SERVICE (VOLUNTEER STATIONS)

Most of the project activities of the RSVP Volunteers (12 percent) were conducted at social service agencies and human needs agencies. The next three most active sites were multipurpose/senior centers (9 percent); congregate meals/meals on wheels (9 percent); hospital, medical centers, clinics (7 percent); other health care organizations (6 percent); community and economic development organizations (5 percent); and nursing homes, convalescent centers, and hospices (5 percent). Other locations such as food banks, libraries, thrift shops, elementary schools, etc., each comprised 4 percent or fewer of the sites to total 47 percent (see Figure 5).

Figure 5. Sites of RSVP Volunteer Service (Volunteer Stations)

Site Type	Percent
Social Services/Human Needs Agencies	12%
Congregate Meals/Meals on Wheels	9%
Multi-Purpose Centers (including senior centers)	9%
Hospital/Medical Center/Clinic	7%
Other Health Care Organizations	6%
Nursing Homes/Convalescent Centers/Hospices	5%
Community and Economic Development Organizations	5%
Thrift Shops/Co-ops/Craft Shops	4%
Libraries	4%
Other RSVP Stations	4%
Other Educational Stations	4%
Public/Private Schools (K-6/Elementary)	3%
Community Development Programs of Non-Profits	3%
Museum	2%
Food Banks/Gleaning Programs	2%
Adult Day Care	2%
Police/Law Enforcement Agencies	2%
Other Adult education organization/program	2%
Transitional Shelters/Centers (Homeless, Battered, etc.)	1%
Residential Long-Term Care Programs (MH/MR/DD)	1%
Public/Private Schools (Senior High School)	1%
Public/Private Schools (Middle School/Junior High School)	1%
Public Housing	1%
Parks/Recreational Agencies	1%
Before and After School Care	1%
Non-Residential Mental Health programs	1%
Juvenile Correctional Agencies	1%
Home Health Care Agencies	1%
Head Start	1%
Food Banks/Gleaning Programs	1%
Community Based Environmental Programs	1%
Chambers of Commerce	1%
Other Not Specified	1%

ACCOMPLISHMENTS BY PROGRAM EMPHASIS AREA

The following information on the accomplishments of RSVP Volunteers was drawn from responses to the survey form completed by Retired and Senior Volunteer Station Supervisors and their RSVP Project Directors.

The Retired and Senior Volunteer Program concentrated on six program emphasis areas (Health and Nutrition, Human Needs Services, Education, Environment, Public Safety, and Community and Economic Development) and the added category of Leadership.

Health and Nutrition

The estimated dollar value of services provided by the Retired and Senior Volunteers in the area of Health and Nutrition ranged from $6,276,594 (based on the federal minimum hourly wage of $5.15) to $17,482,212 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30)[1].

Activities in the Health and Nutrition area took place in a variety of locations: social service and human needs organizations (21 percent); congregate meals/meals on wheels (20 percent); multipurpose/senior centers (11 percent); other health care organizations (11 percent); nursing homes and convalescent centers (8 percent); and social service/human needs agencies (6 percent). The remaining locations (3 percent or less each) totaled 23 percent and included: food banks, home health care agencies, residential long-term care programs, non-residential mental health programs, adult day care, police and law enforcement agencies, public housing, non-profit community development programs, thrift shops, etc.

1. **In the Delivery of Health Services area, 53,209 RSVP Volunteers provided services.**

   RSVP Volunteers provided escort and support services to 17,156,564 people in community or private clinics, home health agencies and other health settings; provided health services at a hospital, mobile-unit, skilled nursing facility or adult day care center to 5,084,494 people;

[1] Independent Sector is a national coalition of voluntary organizations, foundations and corporate giving programs. Independent Sector conducts research on the size and state of the non-profit, or independent, sector, including this valuation of volunteer time. Additional information about this organization can be found on its website at http://www.indepsec.org.

provided information, class enrollment or referrals on the delivery of health services to 1,950,159 people; and provided para-professional, nursing, physician, other health services or dentistry to 150,493 people. They also helped with preparation for and recovery from operations for 1,694 children. RSVP Volunteers gave 8,541,098 hours to individuals needing health services.

2. **The RSVP Program had 6,538 volunteers who performed services in the Health Education area.**

RSVP Volunteers provided information, class enrollment, or referrals for health practices, including first aid and CPR to 9,618,572 people; assisted teaching health practices, including first aid and CPR to 27,849 people; and disseminated 180,916 information packets on general health or specific health problems to 344,775 people. RSVP Volunteers performed 294,891 hours of service in the health education area.

3. **The Maternal /Child Health area had 2,550 volunteers.**

Among these services were: providing information, referrals, and class enrollment on pre- and post-natal care, family planning, and well-child clinic to 1,693,652 children/mothers; participating in pre-natal care and family planning programs benefiting 57,333 mothers; and participating in post-natal care and well-child clinics benefiting 19,856 children.

4. **The RSVP Program had 770 volunteers who performed services in the Mental Health area.**

RSVP Volunteers provided information, program enrollment, or referrals on mental health to 15,613 people; provided support services to 1,542 individuals on mental health issues; and participated in mental health programs by disseminating information, providing out-patient planning, and reality orientation exercise to 176 mental health patients. Volunteers performed 44,459 hours of service.

5. **The RSVP Program had 59,008 volunteers who performed activities in the Congregate Meals area.**

Some examples of these RSVP services included: serving food, cleaning up, and planning menus for 24,547,041 meals in group meal settings benefiting 9,506,904 people; and providing cashier and/or record keeping for 16,722,261 meals in group settings for 8,234,024 people. These volunteers gave 8,973,614 hours of service.

6. **In the Mental Retardation area, 342 volunteers performed activities.**

   RSVP Volunteers provided information, program enrollment or referrals on mental retardation to 699 people; developed and provided programs and advocacy benefiting 647 mentally retarded and/or developmentally disabled individuals; and provided services in residential or non-residential settings for 92 mentally retarded and/or developmentally disabled individuals.

7. **The RSVP Program had 975 volunteers who performed activities in the Substance Abuse area.**

   Some examples of these activities included: disseminating 815,474 informational fliers on alcohol, prescription and illegal drugs, and over-the-counter medication use to 484,475 alcoholics/drug abusers and others; providing information, program enrollment or referrals on substance abuse to 21,345 people; serving 2,512 infants who were drug or alcohol addicted; developing and participating in rehabilitation programs for 272 alcoholics and drug abusers and their families; and serving 217 adults/older adults who were drug or alcohol addicted. RSVP Volunteers provided 94,696 hours of service in the substance abuse area.

8. **In the Physical Disabilities area, 1,263 RSVP Volunteers performed activities.**

   RSVP Volunteers assisted during Special Olympics, benefiting 3,407 Special Olympic participants; provided services, rehabilitation, therapy and exercise to 2,310 individuals with physical disabilities; and provided information, program enrollment or referrals on physical disabilities to 1,418 people.

9. **The RSVP Program had 3,848 volunteers who performed activities in the In-Home Care area.**

   Some of these RSVP activities included: providing services such as light housekeeping, meal preparation, nutritional information, referral and service coordination to 38,167 individuals needing long-term care in the home; providing information, program enrollment or referrals on in-home care to 14,817 people; and participating in supportive health and social services to 7,581 individuals needing long-term care in the home. Volunteers performed 403,570 hours of service.

10. Some 3,289 RSVP Volunteers performed activities in the Hospice and Terminally Ill area.

Some examples of these RSVP activities included: providing information, program enrollment or referrals on terminal illness and hospices to 13,433 people; providing services at hospices, health care institutions, and in the home to 10,639 terminally-ill patients and their families; and providing nurturing and support to 9,880 terminally-ill patients and their families. RSVP Volunteers provided 545,791 hours of service to terminally ill patients and their families.

11. In the Food Distribution/Collection area, 37,759 volunteers performed activities.

Some examples of these activities included: delivering meals to 3,676,930 individuals in their homes; organizing and packing food for food banks; distributing 39,414,641 pounds of food benefiting 2,844,879 people; disseminating 3,830,727 copies of informational fliers regarding food distribution and collection benefiting 1,408,220 people; and participating in nutrition education services benefiting 1,078,516 individuals. These volunteers provided 2,763,697 hours of service.

12. The RSVP Program had 107 volunteers who performed activities in the HIV/AIDS area.

An example of these RSVP activities is the provision of information, program enrollment, or referrals on HIV/AIDS programs to 801 people.

13. The RSVP Program had 4,495 volunteers who performed activities in the Immunization area.

RSVP Volunteers disseminated 450,166 copies of informational fliers regarding the importance of immunizations to 444,650 people; assisted in providing immunizations to 138,770 adults; provided information, clinic enrollment or referrals on immunization services to 64,291 people; and assisted in school immunization services benefiting 7,572 children.

14. The RSVP Program had 13,308 volunteers who performed activities in the Other Health/Nutrition area.

Among these services, RSVP Volunteers provided information, program/class enrollment on other health and nutrition services to 4,699,920 people; and served as "eyes and ears" to identify potential problems or needed services for case management professionals with 145 frail adults. RSVP Volunteers provided 1,799,251 hours of service to individuals needing other health and nutrition services.

Human Needs Services

The estimated dollar value of services provided by the Retired and Senior Volunteers in the area of Human Needs Services ranged from $5,660,261 (based on the federal minimum hourly wage of $5.15) to $15,716,841 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30).

In the Human Needs Services area, the locations of the services were widespread: before and after school care (26 percent); social services/human needs agencies (21 percent); non-residential mental health programs (7 percent); adult day care (5 percent); day care programs (5 percent); chambers of commerce (4 percent); and community and economic development organizations (4 percent). The remaining sites each made up less than 3 percent of the locations to total 28 percent. They included: transitional shelters, multipurpose/senior centers, public housing, Head Start, post-secondary institutions, thrift shops/coops, adult correctional agencies, museums, social service and human needs organizations, congregate meals and meals on wheels programs, community based environmental programs, hospital/medical centers/clinics, hospice, and non-vocational rehabilitation centers.

1. The RSVP Program had 76,820 volunteers who performed activities in the Senior Center/Adult Day Care area.

An example of this kind of RSVP activity is organizing and running supportive services and social activities at senior centers and adult day cares for 13,762,609 older individuals. RSVP Volunteers performed 10,590,530 hours of service in this area.

2. **The RSVP Program had 35,576 volunteers who performed activities in the Companionship/Outreach area.**

   RSVP Volunteers provided friendly visiting, telephone reassurance, and bereavement outreach to 432,390 individuals; participated in activities such as peer counseling, support, writing letters, listening, reading, and talking to 374,732 individuals to ease feelings of isolation and loneliness; and visited with and nurtured 165,153 hospitalized individuals. These volunteers gave 3,704,720 hours to the Companionship/Outreach area.

3. **The RSVP Program had 2,378 volunteers who performed activities in the Crisis Intervention area.**

   Some examples of RSVP activities included: providing telephone/hotline crisis intervention benefiting 122,605 individuals; providing information or referrals on crisis intervention services to 105,401 people; and intervening (in person) in 13,338 crises affecting 19,288 individuals.

4. **The RSVP Program had 2,654 volunteers who performed activities in the Disaster Preparedness/ Relief area.**

   Among the RSVP activities were: providing disaster preparedness education to 78,505 individuals; participating in response, relief, recovery and mitigation during 1,793 emergencies/fires benefiting 44,823 individuals; and providing information, class enrollment or referrals on disaster preparedness to 15,002 individuals.

5. **The RSVP Program had 3,367 volunteers who performed activities in the Homeless area.**

   RSVP Volunteers participated in homeless programs and services benefiting 89,897 individuals. Volunteers performed 348,088 hours of service in this area.

6. **The RSVP Program had 1,819 volunteers who performed activities in the Home Management/Education area.**

   Among the RSVP activities were: disseminating informational materials on application processing, mortgages, taxes, upkeep, and maintenance of the home to 969,144 people; helping 10,801 individuals with budgeting, financial planning, and filling out forms and bills; and educating, counseling, or training 2,242 people on aspects of home ownership.

7. **The RSVP Program had 862 volunteers who performed activities in the Housing Referrals / Relocation/Other area.**

   RSVP Volunteers made 8,424 housing referrals, including housing hot lines benefiting 10,529 individuals, and assisted in obtaining 6,172 pieces of furniture for 8,555 individuals.

8. **The RSVP Program had 614 volunteers who performed activities in the Housing Rehabilitation/Construction area.**

   Indicative of these RSVP activities were helping to build, repair, inspect or rehabilitate 613 houses for 4,364 individuals. Volunteers performed 136,503 hours of service in this area.

9. **The RSVP Program had 3,250 volunteers who performed activities in the Mentoring area.**

   RSVP Volunteers provided information, program enrollment, or referrals on mentoring programs to 148,816 people and modeled prosocial behaviors (encouraging new activities, making individual contributions) for 7,085 children, youth and young adults. They also provided nurturing and support to 5,698 children, youth and young adults and provided constructive guidance and feedback to help 4,783 children make productive choices. Volunteers performed 131,310 hours of service in this area.

10. **The RSVP Program had 2,975 volunteers who performed activities in the Respite area.**

    Some examples of these activities included: providing respite for 11,610 caregivers of significantly medically impaired individuals and providing information, program enrollment, or referrals on respite programs to 10,858 people.

11. **In the Senior Citizen Assistance area, 75,841 volunteers provided services.**

    RSVP Volunteers served, via a broad range of activities, to improve lives of 1,405,522 senior citizens and identified community resources for 838,107 older persons and volunteers. These volunteers provided 4,904,100 hours of service.

12. The RSVP Program had 354 volunteers who performed activities in the Teen Pregnancy Support/Parenting/Education area.

Among the many examples of RSVP activities were: conducting parenting classes for 140 teen mothers and fathers; establishing, expanding, and revitalizing 2 programs for 32 teen mothers and fathers; and giving presentations to 178 teen mothers and fathers. They also provided 559 sets of informational material and presentations to 479 teen mothers and fathers and provided one-on-one services on specific topics such as parenting skills, child health, and safety to 399 teen parents.. Other activities included: providing teen pregnancy information, program enrollment, or referrals to 2,080 people and recruiting and training 79 volunteers for 25 teenage pregnancy prevention programs.

Community and Economic Development

The estimated dollar value of services provided by the Retired and Senior Volunteers in the area of Community and Economic Development ranged from $1,399,813 (based on the federal minimum hourly wage of $5.15) to $3,886,861 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30).

The Community and Economic Development activities occurred at a host of agencies and locations. Other economic and community development (23 percent) was the largest site, followed by community development programs of non-profits (12 percent); other social services and human needs agencies (12 percent); and thrift shops/coops/craft shops (10 percent). Other sites included: multipurpose/senior centers (7 percent); other educational stations (6 percent); multipurpose/senior centers (7 percent); community based environmental programs (4 percent); and chambers of commerce (4 percent). Fifteen percent of the projects were conducted at food banks, nursing homes, non-residential mental health programs, meals on wheels, adult day care, public housing, before and after school care, Head Start, public and private elementary schools, adult education programs, courts, juvenile correction agencies, police and law enforcement agencies, park and recreation agencies, libraries, museums, and hospitals, medical centers, and clinics (each comprised fewer than 3 percent of the sites).

1. **The RSVP Program had 4,908 volunteers who performed activities in the Consumer Education area.**

   RSVP Volunteers developed and participated in information campaigns on consumer issues teaching 283,955 people (e.g., campaigns on health and life insurance, estate counseling, and consumer protection). Volunteers provided 198,436 hours of service in this area.

2. **In the Transportation area, 7,271 volunteers provided services.**

   These activities included: driving 5,006,158 people needing escort services for errands and doctor visits for 5,112,905 miles; and developing and operating 916 transportation systems used by 267,965 people. RSVP Volunteers gave 903,078 hours to persons needing transportation services.

3. **The RSVP Program had 1,183 volunteers who performed activities in the Community Improvement area.**

   RSVP Volunteers removed trash and abandoned cars, cleaned and removed graffiti, repaired fences, and landscaped 387 community areas benefiting 750,442 people; and constructed/renovated 83 playgrounds affecting 42,186 children and families.

4. **The RSVP Program had 125 volunteers who performed activities in the Regional/State/City Planning area.**

   An example of these activities was participating in surveying, renewal and zoning activities for 18 buildings benefiting 1,556 people.

5. **In the Social Services Planning area, 13,355 volunteers provided services.**

   Illustrative of these activities was planning, designing, and operating 915 social service programs benefiting 1,220,540 people (including proposal writing and fund raising).

6. **The RSVP Program had 17,518 volunteers who performed activities in the Community-Based Volunteer Programs area.**

   RSVP Volunteers provided services, such as: recruiting and coordinating 22,468 volunteers for such programs as VACs, Red Cross, serving 1,526,349 people; assisting in the

development and delivery of training to 72,226 volunteers; and leading team building activities for 59,165 volunteers. These volunteers gave 897,632 hours of service.

7. **The RSVP Program had 522 volunteers who performed activities in the Cooperatives/Credit Unions area.**

An example of these kinds of services was establishing, expanding or revitalizing 110 consumer cooperatives, credit unions, and other cooperatives benefiting 7,551 people.

8. **The RSVP Program had 403 volunteers who performed activities in the Food Production / Gardening area.**

Some examples of these activities included: establishing, expanding, or revitalizing 34 acres of community gardens benefiting 9,178 people; participating in 63 community gardening programs, alternative crop programs, or improving food growing methods benefiting 5,725 people; and producing 6,707 pounds of food benefiting 2,195 people.

9. **The RSVP Program had 103 volunteers who performed activities in the Job Development/Placement area.**

In this area, RSVP Volunteers established, expanded, or revitalized 58 job banks or job fairs serving 19,841 people and recruited, trained, or placed 197 unemployed individuals.

10. **The RSVP Program had 11,687 volunteers who performed activities in the Management Consulting area.**

An example of this activity was volunteer executives providing assistance for 2,364 private, nonprofit or public agencies to expand and improve their operations benefiting 3,150,889 people.

11. **The RSVP Program had 520 volunteers who performed activities in the Small/Minority Business Development area.**

RSVP Volunteers provided assistance for 16,360 small and minority businesses for 18,004 people.

12. The RSVP Program had 3,657 volunteers who performed activities in the Tax Consulting/Counseling area.

Among these activities, RSVP Volunteers prepared tax returns for 181,798 individuals and assisted or trained 4,352 individuals to do their taxes or to be tax counselors. RSVP Volunteers provided 314,184 hours of service to persons in need of tax assistance.

13. The RSVP Program had 7,543 volunteers who performed activities in the Thrift Store area.

An example of this RSVP activity was organizing and developing 577 thrift stores providing affordable goods to 3,313,566 people. RSVP Volunteers provided 920,137 hours of service.

Education

The estimated dollar value of services provided by the Retired and Senior Volunteers in the area of Education ranged from $1,172,847 (based on the federal minimum hourly wage of $5.15) to $3,256,642 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30).

Libraries were the location of most of the Education services provided by the Retired and Senior Volunteer stations (19 percent). The second most frequent sites were public and private elementary schools (16 percent). Other locations included museums (10 percent), other educational stations (9 percent), public and private middle schools (6 percent), public and private senior high schools (6 percent), adult education programs (5 percent), and Head Start (5 percent). Twenty-four percent were sited at food banks, nursing homes, social service/human needs agencies, home health care agencies, meals on wheels, multipurpose/senior centers, day care, before and after school programs, non Head Start educational pre-schools, community development programs of non-profits, thrift shops, parks and recreation agencies, (each comprised fewer than 4 percent of the sites).

1. **The RSVP Program had 2,175 volunteers who performed activities in the Pre-Elementary Day Care area.**

   Some examples of these activities included: providing support services to 1,451 pre-elementary learning and day care programs for 15,521 children and developing and assisting in 510 pre-elementary learning and day care programs for 11,276 children. Volunteers provided 197,448 hours of service.

2. **The RSVP Program had 15,237 volunteers who performed activities in the Elementary Education area.**

   RSVP Volunteers have served as classroom aides, playground aides, one-to-one student assistants, and computer aides in 3,746 kindergarten through sixth grade classrooms, for 106,736 students (K-6) and served at extracurricular activities and clubs, physical education, physical fitness and school sports programs benefiting 651 students (K-6). RSVP Volunteers provided 489,232 hours of service to elementary school children.

3. **The RSVP Program had 689 volunteers who performed activities in the Secondary Education area.**

   Some examples of these activities included: serving as field trip supervisors, teacher's aides, one-to-one student assistants, and career counselors in 1,869 seventh through twelfth grade classrooms, for 19,862 students and serving 770 students through one-to-one relationships (grades 7-12).

4. **The RSVP Program had 616 volunteers who performed activities in the Special Education area.**

   These activities included such things as: developing 58 special education programs for 11,444 special education students (K-12); participating and assisting in 69 special education programs for 3,392 special education students (K-12); and participating in and assisting 8 other special education programs for 178 special education students (K-12).

5. **The RSVP Program had 3,392 volunteers who performed activities in the Tutoring area.**

   RSVP Volunteers tutored 30,028 students (K-12) and provided information, program enrollment, or referrals on tutoring programs to 1,021 people. These volunteers provided 210,666 hours of tutoring services.

6. **In the Job Preparedness/Vocational area, 454 volunteers provided services.**

   RSVP Volunteers developed job skills training through 302 educational programs affecting 1,321 individuals and provided information, program enrollment, or referrals on job preparedness programs to 23,033 people.

7. **The RSVP Program had 10,785 volunteers who performed activities in the Library Services area.**

   Illustrative of these activities were: helping at 1,578 libraries serving 40,466,686 people; and starting or operating 570 bookmobiles benefiting 6,245,596 people. RSVP Volunteers provided 841,182 hours of service to the library area.

8. **The RSVP Program had 20,776 volunteers who performed activities in the Cultural Heritage area.**

   RSVP Volunteers helped 39,281,037 individuals to become aware of and appreciate their cultural heritage or the heritage of others; provided information, program enrollment, or referrals on cultural heritage programs to 38,978,143 people; and developed and participated in 21,385 programs concerned with cultural preservation and enrichment for 55,834,586 people (e.g., historic preservation, oral history, museum activities, drama and arts). These volunteers provided 1,890,917 hours of service in the cultural heritage area.

9. **The RSVP Program had 1,403 volunteers who performed activities in the ESL area.**

   Among these activities were: providing information, program enrollment, or referrals on ESL programs to 4,496 people; tutoring English to 2,590 Adult ESL students; and tutoring English to 571 ESL students (grades K-12).

10. **In the GED area, 442 volunteers provided services.**

    RSVP Volunteers provided information, program enrollment, or referrals on GED programs to 1,312 people and tutored GED preparatory skills to 1,305 students working towards their GED.

11. The RSVP Program had 1,262 volunteers who performed activities in the Head Start area.

Illustrative of these activities were: contributing to a productive classroom environment benefiting 6,589 children in Head Start; helping to develop social and behavioral skills benefiting 6,077 children in Head Start; and providing emotional support and nurturing to 81,756 children in Head Start. Volunteers also provided information, program enrollment, or referrals on Head Start programs to 8,626 people and provided services to 6,803 children in Head Start, including child development and school readiness activities, meals, nutritional information and monitoring child health status.

12. The RSVP Program had 2,272 volunteers who performed activities in the Literacy area.

Some examples of these activities included: establishing, expanding, or revitalizing 71 literacy programs benefiting 4,925 individuals; providing tutoring on reading to 3,624 students (non-ESL, K-12); and providing tutoring on reading to 9,541 individuals (adults) and recruited and trained 5,036 tutors for literacy programs. RSVP Volunteers also provided information, program enrollment, or referrals on literacy programs to 18,871 people.

13. The RSVP Program had 1,699 volunteers who performed activities in the Service Learning area.

These services included developing and participating in 57 volunteer service projects for students (K-12).

14. The RSVP Program had 4,529 volunteers who performed activities in the Adult Education area.

An example of these activities was developing and operating 377 other adult educational programs benefiting 1,176,017 people.

Environment

The estimated dollar value of services provided by the Retired and Senior Volunteers in the area of Environment ranged from $34,665 (based on the federal minimum hourly wage of $5.15) to $96,253 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30).

RSVP Environment projects were active in the following locations: umbrella environmental organizations (44 percent); other RSVP stations (16 percent); public housing (8 percent); community based environmental programs (8 percent); parks and recreational agencies (7 percent); community development programs of non-profits (6 percent); community and economic development programs (4 percent); educational stations (3 percent); multipurpose/senior centers (2 percent); and adult day care (2 percent).

1. **The RSVP Program had 1,007 volunteers who performed activities in the Waste Management \ Recycling area.**

   RSVP Volunteers have participated in such activities as: creating or staffing a recycling center or neighborhood pick-up program for 15 neighborhoods affecting 740 people; recycling 282,289 lbs. materials benefiting 13,426 people; and disseminating 325,680 environmental awareness materials benefiting 81,420 people.

2. **In the Environmental Awareness area, 1,632 volunteers performed activities.**

   Among the services performed by RSVP Volunteers were: disseminating 1,277,582 environmental awareness materials benefiting 286,870 people and developing and participating in 29 environmental education, informational programs and presentations for 841 people. (E.g., awareness campaigns, environmental fairs, and nature walks).

3. **The RSVP Program had 328 volunteers who performed activities in the Clean and Safe Waters area.**

   Illustrative examples of these activities included: setting up ground water and surface protection programs benefiting 9,770 people and monitoring taps for water quality benefiting 42 people.

4. **The RSVP Program had 89 volunteers who performed activities in the Energy Conservation area.**

   RSVP Volunteers have conducted information campaigns on energy saving devices reaching 880 people and winterized and weatherized 85 homes or community buildings benefiting 208 people.

5. **The RSVP Program had 9 volunteers who performed activities in the Indoor Environment area.**

   RSVP Volunteers cleaned up 35 contaminated housing units benefiting 70 people.

6. **In the Wildlife, Land, and Vegetation Protection area, 1,049 volunteers provided services.**

   RSVP Volunteers restored and protected 733 acres or miles of degraded land.

Public Safety

The estimated dollar value of services provided by the Retired and Senior Volunteers in the area of Public Safety ranged from $412,780 (based on the federal minimum hourly wage of $5.15) to $1,146,166 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30).

Most of the Public Safety activities supported by the RSVP stations took place in police and law enforcement agencies (35 percent) and thrift shop/coops/craft shops (21 percent). Other sites included: other RSVP stations (14 percent) and juvenile correction agencies, libraries, public and private elementary schools, food banks, meals on wheels, adult day care, multipurpose/senior centers, chambers of commerce, courts, parks and recreation agencies, etc which each comprised four percent or less of the public safety stations to total 30 percent of the public safety sites.

1. **The RSVP Program had 3,364 volunteers who performed activities in the Safety/Fire/Accident Prevention area.**

   An example of this kind of activity was developing and participating in 1,919 safety programs benefiting 144,635 people (such as fire prevention, child and adult auto safety, traffic/pedestrian control programs).

2. **The RSVP Program had 356 volunteers who performed activities in the Offender/Ex-Offender Services area.**

   Some examples of these activities included: serving as mentors to 1,962 youth offenders/ ex-offenders; providing one-on-one support and nurturing to 1,954 youth offenders/ex-offenders; and providing information, program enrollment, or referrals on offender/ex-offender services to 106 people.

3. **In the Child Abuse/Neglect area, 1,490 volunteers provided services.**

   RSVP Volunteers provided information, program enrollment, or referrals on child abuse and neglect to 85,898 people and provided aid, assistance and counsel to 2,371 abused/neglected children and families.

4. **The RSVP Program had 71,824 volunteers who performed activities in the Crime Awareness/Avoidance area.**

   Some examples of activities in this area included: providing safety escort services to 1,311,025 individuals; training 225,686 individuals in ways to avoid victimization such as direct deposit services, scam alerts, tourist safety; and identifying 145 unsafe areas benefiting 59,923 people. Volunteers also provided fingerprinting services to 6,052 individuals.

5. **The RSVP Program had 65 volunteers who performed activities in the Victim/Witness Assistance area.**

   RSVP Volunteers assisted 1,303 crime victims.

6. **The RSVP Program had 3,980 volunteers who performed activities in the Community Policing/Patrol area.**

   RSVP Volunteers developed and participated in 189 police mini stations or citizen patrols affecting 4,407,595 people; assisted 559 local police and community organizations to help ensure safer neighborhoods for 2,720,567 people; and conducted 740,642 patrols, freeing up 525,248 hours of police officers' time. These volunteers provided 843,452 hours of service in the Community Policing/Patrol area.

7. **In the Conflict Resolution/Mediation area, 144 volunteers performed activities.**

   RSVP Volunteers provided conflict resolution to 9,978 people.

8. **The RSVP Program had 198 volunteers who performed activities in the Elder Abuse/Neglect area.**

   Some examples of these activities included: conducting 128 elder abuse prevention programs attended by 865 persons and aiding and assisting 581 abused elders and their families.

9. **The RSVP Program had 2,671 volunteers who performed activities in the Family Violence area.**

   Illustrative of these activities were: providing information, program enrollment, or referrals on family violence to 3,116 people; training 1,244 individuals in prevention awareness and self defense; and helping 549 victims of family violence.

10. **The RSVP Program had 910 volunteers who performed activities in the Household Security area.**

    Some examples of these activities included conducting 304 workshops on household safety for 5,876 individuals; and holding 452 security audits and surveys for home security benefiting 2,099 people and their families.

11. **The RSVP Program had 3,021 volunteers who performed activities in the Neighborhood/Block Watch area.**

    RSVP Volunteers developed and participated in 269 neighborhood watch programs benefiting 105,661 people.

12. **In the Safe Children and Youth area, 2,121 volunteers provided services.**

    RSVP Volunteers provided services including providing information, program enrollment, or referrals on safety to 1,145 people; establishing and maintaining safe play streets and corridors benefiting 302 children; and training 195 youth and adults about safety.

13. The RSVP Program had 15 volunteers who performed activities in the Sexual Abuse/Rape area.

Included in the Sexual Abuse/Rape area were activities including starting or expanding shelters for sexual abuse victims benefiting 28 victims; and providing sexual abuse counseling to 12 sexual assault and harassment victims.

Leadership

The estimated dollar value of services provided by the Retired and Senior Volunteers in the area of Leadership ranged from $45,322 (based on the federal minimum hourly wage of $5.15) to $125,846 (based on the Independent Sector's valuation of the equivalent hourly wage for volunteers of $14.30).

RSVP Leadership took place in social service and human needs agencies (35 percent); community development programs of non-profits (12 percent); hospitals/medical centers/clinics (12 percent); other RSVP stations (12 percent); community and economic development organizations (11 percent); police and law enforcement agencies (5 percent); parks and recreation agencies (5 percent); nursing homes and convalescent centers (4 percent); and multipurpose/senior centers (4 percent).

The RSVP Program had 1,781 volunteers who performed activities in the Organization Capacity Building area.

In the Organization Capacity Building area, RSVP Volunteers 1) allowed the organization to deliver services more efficiently by freeing up professional/para-professional caregivers to provide other services for 128,577 people; 2) allowed the organization to expand services to 1,760 clients in the community; 3) allowed the organization to offer services to 1,736 new clients; and 4) assisted case managers in coordinating services to 396 clients.

CONCLUSIONS AND RECOMMENDATIONS

According to the program's mission statement, the Retired and Senior Volunteer Program was designed to meet the following goals:

1. Develop a variety of opportunities for community service for older people willing to share their experience, abilities, and skills for the betterment of their community and themselves.

2. Ensure that volunteer assignments are made consistent with the interests and abilities of the volunteers and the needs of the community served.

3. Ensure that volunteers are provided needed orientation, in-service instruction, individual support and supervision, and recognition for their volunteer service.

4. Provide reasonable opportunity for community and volunteer involvement and support in development operation, and appraisal of the RSVP project.

5. Develop local support to supplement available federal sources and ensure that program expenditures are incurred at the lowest possible cost consistent with the effective operation of the project, as required by legislation.

6. Cooperate with agencies and organizations involved in the fields of aging and volunteerism.

7. Develop a sound, locally controlled senior volunteer program with continuing community support.

Conclusions

This report delineates that the Retired and Senior Volunteer Program is achieving its first goal, that of providing a variety of community service opportunities for older people to participate in the betterment of their communities. Examples include:

The RSVP Volunteers participated in a variety of activities that provided support to individuals in healthcare settings. As a key part of the healthcare team, extra care from the Volunteers helped the care team work effectively to handle the caseload. The range of activities included providing health services at clinics and hospitals, to preparing children for operations. RSVP Volunteers also served in more specialized health areas such as mental health, mental retardation,

substance abuse, and HIV/AIDS. Outside the healthcare setting, the Volunteers' served as health educators, helping individuals learn about health care including first aid and family planning.

Other activities of RSVP Volunteers focused in the area of human needs services, in social service and human needs agencies, Retired and Senior Volunteers organized and ran supportive services and social activities at senior centers and adult day cares. Extra care from the Volunteers helped ease the feelings of isolation for homebound individuals. Other activities of the Volunteers within the Human Needs Services area ranged from housing rehabilitation and construction to disaster relief during emergencies.

In the area of Community and Economic Development, RSVP Volunteers served as resources for community improvement. Some of the areas included educating individuals on consumer issues such as estate counseling, providing transportation to and from doctors' appointments for individuals who are unable to drive themselves, and removing graffiti, trash and abandoned cars to clean up community areas.

In the Education area, the RSVP Volunteers provided nurturing and support to children to help them stay in school. As a key part of the classroom environment, Volunteers served as extra eyes and ears, freeing up the costly resources of teachers and teacher's aides. The range of activities included providing emotional support and nurturing to children in Head Start programs, to developing job skills for teens. In addition, for children with special needs, RSVP Volunteers were able to provide individual attention to students who had more questions or who needed extra help. Outside the classroom, the RSVP Volunteers' served as tutors, tutoring children in reading and other subjects, helping them make positive decisions for the future.

Environment was another area of activity for the RSVP Volunteers. Volunteers staffed recycling centers to provide communities with convenient recycling programs, restored and protected degraded land, and developed ground and surface water protection programs in order to protect the environment and health.

Public Safety was also an area of focus for RSVP Volunteers. Volunteers helped youth offenders by providing them with one-on-one support. Volunteers also helped to prevent crime by participating in police mini stations and citizen patrols. In situations where children were abused, neglected or victims of violence, Volunteers provided aid, assistance and supportive counsel.

RSVP Volunteers also participated in Organizational Capacity Building, allowing the organizations to expand, increase efficiency, and offer new services by freeing professional and para-professional caregiver's time, organizing to recruit other volunteers, and assisting case managers in coordinating services to clients.

Recommendations

The recommendations for this report focus on the measurement of RSVP Volunteers' accomplishments. This accomplishment information is an important component of the Corporation for National Service's 1999 annual performance plan required by the Government Performance and Results Act (GPRA). The data elements identified by the Corporation that will help measure RSVP's compliance with GPRA include the number of RSVP Volunteers serving during the current reporting year, the number of hours served and the number of persons served.

In line with the Programming for Impact model, the extent to which the RSVP program is able to report on accomplishments, such as clients served, will provide valid indicators of the success of the Programming for Impact initiative.

The following recommendations are offered:

The Corporation for National Service (CNS) should require that each project keep an up-to-date volunteer station list in a computerized format. As this survey was administered on a sample of RSVP stations, the sample universe is very important to the accuracy of the results. Two elements could have enhanced the universe and the sample: 1) a more complete computerized station universe list, and 2) higher quality control on lists which were provided to us.

National Senior Service Corps (NSSC) should strengthen policy and definitions on service categories. The definitions used for the program emphasis areas were often questioned due to the nature of some activities performed by RSVP Volunteers. The station supervisors and project directors contend that some of the categories enforced artificial boundaries around activities which were often done together (e.g., Tutoring and Mentoring).

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Mr. ENDRES. Similarly, for the Foster Grandparent Program, we set a goal this first year, 50 percent of all the assignments. And the goal that we have achieved is 64 percent. And again, we've done an analysis of the accomplishments that those 64 percent Foster Grandparents are achieving.

In the Senior Companion program, the goal, because the Senior Companion program within it had a requirement for a care plan, which included some definition of what it was that a Senior Companion was going to achieve in relationship to the care plan for the client, we established a very high goal for the Senior Companion program of 75 percent of all assignments. And we've achieved that mark.

So we believe that our system is working, and that we have set up a third party survey system that will actually capture the accomplishments that the programs are achieving on an annual basis.

Mr. PORTER. Well, I would just say that obviously, we like to know how many volunteers there are and how many dollars are being spent and how many centers may be maintained and the like. But what we really want to know, and what's really important to us is what difference you're making in people's lives, and is the money really buying what we intend it to buy in helping people live better or live longer or live more helpfully or the like.

And so those are the goals that we want to focus on. And we want to keep you working toward that end and making certain that that's what you're telling us as we go along, and that you're meeting those goals.

Mr. WOFFORD. Mr. Chairman, could I just say that, and I speak for the Corporation, we wholeheartedly agree with you. We are particularly interested in applying service to great goals and show that you can reach them. The literacy efforts are focused largely on seeing in the fourth grade reading tests, at the end of the third grade, we close the gap from 40 percent in the country, we play a critical role in programs that close the gap between the 40 percent that do not pass the basic standards grade level test at the end of third grade, a great proportion of whom head to disaster thereafter. And we want to help achieve that goal, we want to measure it community by community, school by school.

Same way with the new digital divide effort. It's going to be measurable in very clearly tested ways whether those that are not getting any knowledge or any access to computers and the information highway, particularly young people, get it. I think increasingly, and we will press for that, we have those goals and we give you reports year by year.

Mr. PORTER. Yes, sir.

Mr. WOFFORD. You and I are getting those reports from a little distance.

Mr. PORTER. Yes, and if we see that the money is not getting what we expect to get, then we have to re-think the program and make sure we are supporting something that gets results for people. That's the whole purpose.

Well, I'm sorry to have to cut this hearing short. As I explained, we need to do that. And I very much thank you for your testimony

and for your service, Senator. And I thank all of you for answering our questions.

And we'll take a short recess at this point.

Mr. WOFFORD. Thank you, Mr. Chairman.

The following questions were submitted to be answered for the record:

VISTA TECHNOLOGY PROJECTS

One of the initiatives highlighted in the VISTA program involves VISTA members working to help close the digital divide. As you know, the U.S. Department of Education has requested $100 million this year for community-based technology centers, in an effort to help close this divide as well.

How will VISTA members coordinate with communities that receive support under this program, if at all?

We are a close partner with the Department of Education on a number of projects, including literacy, after-school programs, and service-learning. With respect to the digital divide, we will work with the Department to organize close coordination. In some local communities, a Department of Education grant and an AmeriCorps*VISTA project will meet complementary needs. In other communities, either a Departmental grant or AmeriCorps*VISTA project may be sufficient. Our process for placing AmeriCorps*VISTA members requires a sponsor to identify related support and activities, such as a grant from the Department of Education.

FINANCIAL MANAGEMENT SYSTEM

Last year, Congress provided you with an additional $2 million in conference to improve program management. I understand you implemented the new financial management system, Momentum, last Fall.

What is the status of the financial management system upgrade and what additional components would you anticipate with the FY 01 request?

The new financial management system, Momentum, was implemented in September 1999. This is a commercial off-the-shelf package purchased from American Management Systems (AMS). The implementation required extensive work to put in place an infrastructure, train staff, and convert data from the old accounting system. In fiscal year 2000 we have continued the implementation by building interfaces between other systems that make payments for us: 1) the National Finance Center which handles our payroll, 2) the Department of Health and Human Services (HHS) which handles some of our grant payments, 3) the National Service Trust system which makes education awards and 4) the VISTA Management System.

We also plan to bring up the new enhancement to the Momentum software. This new version provides additional functionality and fixes some of the software issues identified in the earlier version. This implementation is planned for fiscal year 2000 but not be completed until fiscal year 2001.

For fiscal year 2001, we hope to begin building an interface between a new grants system and Momentum that would permit data to be shared in an automated process, including data transmission to the HHS payment system. In addition, we would like to purchase and implement a travel system that could pass travel data to Accounting electronically, a bank interface for credit card payments, an interface with procurement desktop, an interface with Treasury to pass and retrieve data, and an archive retrieval system to facilitate efficient accessing of the old financial management system's records. Additional enhancements will be needed to manage cost share operations, and expand the National Service Trust Fund investment and "FEDWIRE" payment subsystems. Also, as new releases of the Momentum software are issued we want to be positioned to implement the enhancements.

SENIOR PROGRAM STIPEND INCREASE

What amount would be necessary to increase the stipends for the Foster Grandparent and Senior Companion programs by five cents in FY 2001?

The **Foster Grandparent Program** would require an additional **$1,334,750** to provide a stipend increase of five cents for all Corporation and non-Corporation funded Foster Grandparents. (25,570 volunteer service years (VSY) estimated at the beginning of FY 2001 at $52.20 per VSY per annum)

The **Senior Companion Program** would require an additional **$666,600** to provide a stipend increase of five cents for all Corporation and non-Corporation funded Senior Companions. (12,770 volunteer service years (VSY) estimated at the beginning of FY 2001 at $52.20 per VSY per annum)

The last stipend increase of ten cents became effective on 1/1/98.

What is the average annual income of a retired senior living solely on social security?

According to the Social Security Administration, approximately 18 percent of retired workers rely solely on social security for their income. The Social Security Administration uses the term "aged unit" to report income; an "aged unit" includes married couples living together – at least one of whom is 55 or older – and nonmarried persons 55 or older. The median total money income for "aged units" in this category, 65 years of age and older, is $9,119. For married persons, it is $15,885, and for single individuals it is $8,145. (Source: Income of the Population 55 or Older, 1998, p. 49)

Published data from the Social Security Administration document that social security benefits are almost universal. In 1998, 90 percent of "aged units" received social security. Social security represented 38 percent of the aggregate income of the aged. It was the major source of income (providing at least 50 percent of total income) for 63

percent of these "units," and it was the only source of income for 18 percent. Social security benefits kept about two-fifths of the aged population out of poverty.

INCREASE IN EMPLOYEES

You are requesting an increase of 10 new permanent positions for fiscal year 2001.

In what offices would they be assigned, and why is this increase needed?

The Corporation's focus on addressing financial management, systems and administrative operations improvements requires additional staff in both the field and headquarters offices for data management, systems development, and training and technical assistance. These 10 new permanent positions would all fall under the CFO office.

What is the estimated cost for new employees in fiscal year 2001?

The estimated cost for these 10 new employees is about $720,000.

PROGRAMS OF NATIONAL SIGNIFICANCE (PNS)

My understanding is that the Domestic Volunteer Service Act, which authorizes your programs, requires that one-third of any increase in the Senior Service programs must be setaside for PNS expansion grants. These are grants to existing projects that allow them to increase the number of volunteers and expand their service areas. This is essentially the only existing mechanism for program expansion.

Does your FY 2001 request stipulate that at least one-third of the increase for each program be used for PNS grants? If not, why not?

No. The statutory provision addressing Programs of National Significance (PNS) provides that not less than one-third of the funds appropriated, *above the amount necessary to maintain the previous year's number of projects and volunteers*, shall be made available for PNS grants. This provision (225 (d) of the DVSA) provides that **no** funds are available for PNS grants unless the amounts appropriated are sufficient to maintain the number of projects and volunteers funded in the preceding fiscal year.

The administrative cost increase provision (Section 226) requires the CEO to consider the impact of the changes in the cost of living on the administrative costs of projects and "to the fullest extent practicable" to make appropriate adjustments to ensure effective administration of projects.

For fiscal year 2001, we have determined that the proposed administrative increases and technology improvements are necessary to ensure continued effective administration of current projects. Factors leading to our determination include:

- Management saturation issues identified in the 1996-97 Westat study of RSVP and subsequent RSVP focus groups around the nation;

- The unprecedented role of technology in all aspects of program development and management;

- An understanding that the timing for these administrative and technology investments is optimal-to strengthen the projects' resource base before the waves of retiring baby boomers hit in earnest; and

- New systems development such as electronic grants payment requiring automation.

Consequently, the Corporation's request applies new funds to meet the administrative needs of local projects to be sure that the current scope and levels of activities are maintained before establishing new grants or requiring current grantees to add volunteers through PNS. We do not plan to make any PNS or new grants in RSVP. In FGP, we have allocated all funds remaining after the technology administrative increases ($286,500 or 16 percent of the requested increase) for PNS grant augmentations. In SCP, we have allocated approximately 40 percent of the funds remaining after the technology administrative increases ($700,200 or 29 percent of the requested increase) for PNS grant augmentations.

This increased technology capacity will be necessary to maintain high quality fiscal stewardship and programmatic operations. This technology investment will ensure that all projects meet hardware and software standards. (When standards are met, funds can be applied to other administrative cost needs.)

Is this the first year that such an increase has not been requested?

No. In Fiscal Year 1996, all programs experienced reductions in funding which precluded PNS grant augmentations. There have been several occasions when a particular program has had insufficient increases or experienced a decrease that precluded PNS grant augmentations.

What is the Corporation's interpretation of the authorizing law on this point?

Based on review of the DVSA and principles of statutory construction, our General Counsel's Office has advised that the two relevant statutory provisions (sections 225 and 226) should be interpreted together. Generally, principles of statutory construction require that statutory provisions be implemented in a manner that gives the maximum effect to each. Therefore, we believe it is consistent with sections 225 and 226 to consider the need for administrative adjustments necessary to maintain effective administration of current projects at the previous year's level of activity, and to provide for those adjustments before determining the amount of increase available for PNS expansion grants.

Your testimony indicates that "without providing the sufficient support necessary to strengthen local projects' administrative capacity and prepare for advances in technology, existing projects may not able to sustain their current level of effort."

On what basis, and using what data, do you make this statement, specifically with regard to the Foster Grandparent and Senior Companion programs?

This statement was based on a number of data sources, identified and discussed below. Additionally, we understand what is needed to effectively manage a Senior Corps project in the current operating environment, as well as into the immediate future, when there will be a tremendous increase in the number of people age eligible to participate in Senior Corps.

1. The Corporation and its grantees are making a transition to automated administration of grants and programs.

The Corporation is under a government-wide requirement to move to an electronic funds transfer system. We are also developing an automated grant application and a web-based reporting system. These approaches will greatly increase efficiency, timeliness, and accuracy of data and information exchange. In order for the Corporation to manage efficiently, its grantees must have technology and the knowledge to use it. We believe it is crucial to provide local projects with the tools and capacity to use more efficient systems.

2. Project Directors report that they need help in making effective use of technological resources.

Senior Corps headquarters staff attended each of the five regional Cluster Conferences in 1999, and presented technology sessions. In each cluster, the sessions were filled to capacity. Senior Corps staff spoke with Senior Corps project directors in attendance, who said that they: (1) would benefit from resources for technology enhancements; (2) are frustrated with sharing one computer among several staff; (3) have old software and hardware; (4) do not have computers at all; or (5) would benefit from training and tools to help them use technology more effectively.

Senior Corps conducted a brief, informal computer resources survey in autumn and winter of 1999. There were 66 responses from all three Senior Corps programs. Of those responding, 7 were still using old 486 computers and 35 were using first generation Pentium machines, barely adequate to run current mainstream software and virtually obsolete by the end of this year. Every respondent indicated the need for enhanced technology resources and training.

3. To meet the requirements of the Government Performance and Results Act, Senior Corps project directors need assistance in implementing new management systems.

In response the Government Performance and Results Act (GPRA) requirements, Senior Corps adopted an outcome-based framework for its grantees called "Programming for Impact" in 1996. We developed this approach to deliver measurable data and information about how Senior Corps volunteers meet needs and make a difference in their communities. To be successful, Programming for Impact requires hands-on attention by project staff, which is time and labor intensive. Project directors are devoting more and more attention to developing high quality, outcome-based placements, building relationships with volunteer stations and the community, and training volunteers. Most operate projects with small or modest staff. As Programming for Impact is integrated into the Senior Corps, project directors will need more efficient ways of managing their projects, as well as increased administrative resources, to deliver on their potential. Appropriate use of technology is an important, if not critical, asset to increase administrative efficiency.

4. Senior Corps projects must adopt the increasing prominence of technology and the need for technology resources in today's business environment.

Electronic communications and technology are now fixtures and fundamental tools in virtually all work environments. One of our goals in Fiscal Year 2001 is to ensure that Senior Corps projects have the needed technological capacity to work efficiently, participate in new automated systems, and meet new requirements. Computer hardware, software and Internet access are essential, as the Corporation increasingly embraces web-based approaches to information management and reporting. Additionally, Senior Corps projects need the training and materials to use the tools.

The Corporation is not alone in embracing electronic communications and other technology to conduct business: Senior Corps projects interface and work with countless other entities, public and private, that are distributing information electronically, requiring electronic reporting (such as from state funding sources), and making higher demands for computer-based methods.

SENIOR DEMONSTRATION PROGRAM

This year you are proposing a new program called Challenge to Large Scale Organizations within the senior demonstration line item. Your budget justification indicates that you would provide five applications with grants of $375,000 each for demonstration of recruitment, placement and operations of large scale senior volunteer activities.

What specific activities would federal funds be used for in this program?

The purpose of the demonstration is to engage large numbers of seniors in organizations that are of sufficient size to have a major impact on a problem or issue. The desired outcome is to learn critical elements of how seniors in critical mass can influence an entire organization and enhance its service delivery capacity to meet an identified community need. Additionally, the demonstration could help to discover and apply

effective practices for large-scale program operations. Federal funds would be used for administration, training, evaluation and appropriate volunteer expenses.

Funds for administration would include: staffing, space, equipment, communications, supplies, contractual services, travel, and printing.

Funds for volunteer expenses would be used to cover out of pocket expenses for travel, meals, and incidental expenses related to training, insurance, and placement related costs.

Funds would be used to train project staff and volunteers; evaluation; and special reporting activities related to the defined demonstration project.

What specific criteria would be used to determine who would be eligible to apply for a grant?

Eligibility criteria would be:

- 501(c) (3) non-profit organization
- Selection Criteria
  - Program Design
  - Getting Things Done
  - Strengthening Communities
  - Participant Development
  - Organizational Capacity
  - Budget/Cost Effectiveness
- Demonstration Related Criteria
  - City-wide/County or Multi-County/State or Multi-Site Impact
  - Planned Outcomes
  - Number of Proposed Senior Volunteers
  - Incorporation of Required Demonstration Elements
  - Roles of Senior Volunteers
  - Organization of Demonstration Structure
  - Ability to cost share and develop funding partners
  - Sustainability Plans
  - Evaluation Plans

How many applications would you expect to receive for this project?

We anticipate that at least 8 – 10 organizations might apply in response to a Notice of Fund Availability (NOFA) printed in the Federal Register. With growing interest in the use of seniors as a resource and increasing state investment, we believe that this NOFA will be favorably received.

Would any of these funds be used to provide stipends or other financial incentives or reimbursements to seniors who are above 125 percent of the poverty level?

No federal funds would be used for financial incentives. We plan to develop funding partners and a cost-share approach through which the applicants themselves provide any such payments.

In previous correspondence with the Committee you indicated that all demonstration programs are by nature time-limited. How long would you propose to continue these new challenge grants?

The period of demonstration will be proposed by the applicant through the application process and is directly related to the size and scope of the proposed activity and its impact. Given the limited senior demonstrations conduced to date we believe that four or five years would be a reasonable timeframe for conducting the demonstrations and completing evaluations.

What does the Corporation consider to be a "large number" of volunteers, for the purposes awarding one of the challenge grants?

The size and scope of the each approved demonstration will determine this. The Corporation proposed to fund a maximum of five demonstrations at $375,000 each. It is conceivable that a city-wide effort to help low-income people cope with shifts from health insurance to health maintenance organizations could involve 500 volunteers and $200,000 in funding for the purpose specified above. At the same time a national initiative to place as many as 1,150 senior mentors could easily warrant $400,000 in funding.

Which "successful elements" from previous demonstrations will this program build on?

There are a number of "successful elements" to build on including the following:

- **Establishing a targeted focus.** An effort organized from the start around meeting an identified community need or desired outcome attracts a different pool of applicants which tends to be younger and more diverse.

- **Flexibility of roles.** A combination of both direct (participant to client) and indirect (organizational) service roles appeal to a broader cross-section of potential applicants, increase volunteer usage and effectiveness, and result in greater satisfaction by agencies and volunteers.

- **Intensive Service.** An intensive service role of 15+ hours per week is critical to supporting larger numbers of volunteers serving in local agencies. A 15+ hour per week commitment for at least six to nine months, preferably a year, provides the additional support needed to encourage local agencies to use greater numbers of senior volunteers and to use them more effectively. (Note: the incentive necessary to get this level of involvement will be supported through non-appropriated sources).

- **Teams and Corps.** Concentration of volunteer activities around a focused, outcome-based project facilitates formation of teams and corps which enhance the volunteer's experience. Teams and corps provide a forum for mutual support and for unleashing the creative potential of the volunteers to recommend solutions to problems and to initiate new approaches.

- **Volunteer Training.** Training of volunteers in skills needed to meet a particular need or solve a community problem increases overall project success and supports individual success.

SENIORS FOR SCHOOLS

The budget justification notes impressive results in student reading from the Seniors for Schools initiative. In a response to the record last year, you also provided impressive results from Foster Grandparents' work in schools.

To what specifically do you attribute the positive outcomes from the Seniors for Schools initiative?

The positive outcomes are attributed to a variety of factors that include:

- Seniors for Schools is a highly focused literacy model with all senior volunteers serving children in grades K through 3.
- The program model focuses exclusively on resources the school needs to bring children up to reading level by the end of the third grade.
- Agreement between the school leadership (principals and teachers) and the project that a specific approach to literacy is the focus of the assignment of senior volunteers.
- From nine to twenty senior volunteers serve in the same elementary school, achieving sufficient mass to raise the profile of literacy service by older adults. The larger numbers of older persons participating in each school also strengthens the impact by building opportunities for volunteers to work together in teams and provide support to each other.
- The program is strengthened by the ability of volunteers to provide both direct one-to-one service and indirect service roles, which enrich the project. These indirect roles include assistance to parents, and leadership roles such as organizing book drives and serving as volunteer leaders.
- Volunteers provide intensive service, serve fifteen or more hours per week, and serve the same children on a one-to-one basis throughout the school year.
- Agreement among school leadership that senior volunteers can be an effective resource in tutoring children.
- Volunteers are trained in the specific literacy approach used by the schools and are provided supervision to assist them in becoming effective tutors.

How do the results identified in the Seniors for Schools efforts compare to the results achieved from volunteers in the Foster Grandparent Program who mentor and tutor children in reading?

Because the two programs are different in concept and design it is difficult to identify a basis for comparing their results. Seniors for Schools is focused on literacy outcomes, while the Foster Grandparent Program responds to the need for supportive services in a wide variety of health, education, welfare, and related settings to children with special or exceptional needs.

The study by Westat of six Foster Grandparent projects in Head Start centers used the Arnett Scale of Caregiver Behaviors to identify key elements of the Foster Grandparents' interactions with children. The report reflects that Foster Grandparents "engage in a wide variety of interactions that are associated with positive developmental outcomes for children." However, the focus of the study was not on the academic performance of children, but on learning more about what Foster Grandparents **do** in Head Start centers and how their contributions benefit the children they serve. Similarly, a study on mentoring, which included two Foster Grandparent Programs, reported that *older low-income adults are effective in serving as mentors to at-risk youth.* Again, this study was not focused on academic performances of the youth served.

Could you provide for the record the outcomes in the Foster Grandparent Program on the same or similar indicators, such as reading levels, skills and ability, self-esteem, positive attitude toward reading, positive role models, etc.?

We do not have similar outcome data on the Foster Grandparent Program. We have a variety of reports, principally through our Programming for Impact initiative, from Foster Grandparent projects that reflect accomplishments and provide output information on numbers of volunteers and the number of children served by area of special need. These reports provide some anecdotal data, but do not include the focused analysis provided in the evaluation of Seniors for Schools. Given the number of diverse Foster Grandparent activities and unique local programming approaches in the Foster Grandparent Program we are unable to aggregate individual project accomplishments with the reliability and validity of the focused Seniors for Schools activities.

Do you think low-income volunteers can achieve these same results by working directly with children and using an RSVP or VISTA volunteer to provide indirect coordinating services at the school level?

Yes, we believe low-income volunteers could achieve the same results if they were involved in a program model similar to Seniors for Schools. In fact, data from the Corporation-funded Experience Corps, the first Senior Corps demonstration that preceded Seniors for Schools, reflect that most of the volunteers were low-income and over 75 percent lived in households with income below $25,000. [Note: Although Corporation-supported Experience Corps ended after two years, the name Experience Corps has become a generic term that has been used to describe a number of other Corporation-sponsored demonstrations including Seniors for Schools,

Independent Living, Seniors for Habitat, etc. As a generic term, coined by former Secretary of Health, Education, and Welfare, John Gardner, it is also being used by others to describe the application of a similar model to non-Corporation supported activities such as an After-School Program in various parts of the country.]

We have learned from Seniors for Schools that volunteer leaders committed to serving an intensive 15 to 20 hours a week on a sustained basis are essential. Experience has demonstrated that without the provision of incentives it is unlikely that RSVP volunteers will commit to that level of intensive service on a sustained basis. VISTA resources are limited, poverty focused, and terms of service are time bound. Thus VISTA is not a long-term solution to the need for leaders to provide on-going support to the volunteers and the agency's overall support of the effort. Further, local agencies may find networking volunteers from different sources increases their administrative burden.

In Seniors for Schools, we have encouraged volunteers who have displayed interest and capability to become leaders, providing leadership and serving in a variety of indirect service roles. A number of these volunteers also assisted with coordination of specific project activities such as volunteer recruitment or convening team meetings. One goal of the demonstration effort was to show that senior volunteers have the capacity and interest to take on more significant roles than we are currently asking. Unlike the Senior Companion Program, we are unable to introduce the volunteer leadership role to the Foster Grandparent Program because the law currently restricts Foster Grandparents to working directly with children.

TRAINING AND TECHNICAL ASSISTANCE

In the justification, you state that you plan to use $400,000 from Foster Grandparents, $870,000 from RSVP and $255,000 from Senior Companions for supporting training events designed to include AmeriCorps, Learn and Serve and Senior Corps working together.

Is this the first time you have used program dollars for these training and technical assistance events?

The amounts referenced support **all** communications, recruitment, training and technical assistance activities, including, but not limited to, joint activities with AmeriCorps, Learn and Serve America and other national and community service organizations. Program funds have been used to support training and technical assistance activities since the programs' inceptions. In recent years funds have supported such activities as the America Reads training for all Corporation America Reads projects and components, National Association of SCP Project Directors' development and production of "Senior Companion Program Celebrating 25 Years Serving with Compassion...Caring as Friends", RSVP focus groups, new project director training, cluster and state based training events, Senior Corps videos and brochures.

What activities would be conducted at the training and technical assistance events? Are these basically conferences?

While conferences are an important delivery mechanism for training and technical assistance activities, they are part of a larger system. This system includes development and production of specialized materials such as the Programming for Impact Tool Kits and the "Retired Executives and Professionals Volunteer Consultants to Nonprofit Organizations" by the National Executive Service Corps and the Corporation; purchase and distribution of materials produced by such organizations as United Way, Association for Volunteer Administration, National Crime Prevention Council; on-site training and technical assistance provided by experts from such organizations as the National Head Start Association, Campaign Consultation, Project STAR, and other professional training and technical assistance providers.

A significant amount of these funds in fiscal years 1999 and 2000 have been allocated to support the June 2000 National Senior Service Corps Training Conference entitled "Making Our Mark *Inspiring Senior Leadership in the 21st Century.*" Additional funds were provided to sponsors to support Conference attendance and facilitate attendance at the National Community Service Conference which follows the Senior Corps Conference at the same location.

My understanding is that State Commissions already have funds set aside for this activity and are conducting these kinds of events using AmeriCorps funds. If this is accurate, what would the Senior Service funds be used for that would differ from what is already going on?

State Commissions receive AmeriCorps Program Development Assistance and Training (PDAT) funds to select and provide training and technical assistance to enhance the effectiveness primarily of AmeriCorps*State and AmeriCorps*National programs and program staffs. Since 1998, State Commissions have had greater flexibility to use PDAT funds for training and technical assistance that is relevant to other service programs. Along with this flexibility is the expectation that other service programs will contribute resources to support the activities that include them. PDAT funds are used primarily to support the development and delivery of the curricula and travel and per diem expenses of trainers and trainees at training events. Senior Corps funds may be used to support additional trainers required to handle the additional Senior Corps participants and to cover the travel of these participants to the training.

Additionally, the Corporation selects a number of national providers through competition to provide training and technical assistance to grantees and subgrantees of all Corporation programs. Generally it is more cost-effective to use the national providers in support of events covering more than one service program. So the Corporation has determined that events conducted for multiple programs are to be encouraged when and where appropriate. Again, all programs are expected to cost share with respect to the national providers they access.

TECHNOLOGY

The budget states that each senior program will receive an average award of $3,390 to provide technology improvements.

How will you distribute these funds? Will each project receive the same amount, or will another formula be used? If so, on what basis would the amounts be determined?

The dollars would be distributed equally to Corporation funded Senior Corps projects, with each project receiving the estimated $3,390. Non-Corporation funded projects would also receive a one time award of up to $3,390.

Senior Corps arrived at the figure of $3,390 by identifying hardware and software specifications and then applying costs to purchase one (1) system with those performance standards. These specifications and dollar estimates are:

Hardware: Desktop IBM-PC compatible; Pentium III, 128 MB RAM, 9 GB hard drive, CDROM, modem, VGS monitor, printer. Hardware dollar estimate: $2,000.

Software: Windows O/S ('98), Microsoft office application software (minimum of Office '97); Internet access, utilities. Additional: Training, reference materials. Software and additional dollar estimate: $1,390.

The implementation plan would be as follows:

1. Corporation-funded Senior Corps projects would each receive the estimated $3,390 in administrative costs, for the technology enhancements. This would be added to the project's base funding and be annualized.

2. Non-Corporation funded projects would also receive up to $3,390 on a one-time basis.

3. Projects would be instructed to use the funds in a priority order: (1) use the funds for a computer system that meets the specifications, including purchasing necessary hardware, software, Internet access; (2) to the extent possible with the funds, procure sufficient workstations to provide easy and ready access for each project staff member; (3) receive training and technical resources as needed to use the computers competently; (4) where/when projects can meet the technology standards and have adequate workstations, funds may then be used to meet other administrative costs of the project, such as staffing.

VISTA INCREASE

How many additional service years above fiscal year 2000 would the fiscal year 2001 budget provide in the VISTA program?

This increase would allow for approximately 200 more service years over the FY2000 appropriation.

How does this increase compare to the increases provided in each of the past three fiscal years?

According to the FY2001 budget estimate that was submitted to Congress in February 2000 and the performance plan for last year,

Service Years (Federally Funded)

Actual	Actual	Actual	Enacted	Requested
FY97	**FY98**	**FY99**	**FY2000**	**FY2001**
3206	4722	5481	5900	6100

Is this the smallest budget increase President Clinton has ever proposed for this program?

Yes, it is. The 2001 budget requests continued growth for VISTA and is consistent with the increases VISTA experienced in FY1999 and FY2000.

My understanding is that Section 103 of the DVSA requires that no less than 1.5% of VISTA's annual appropriation be spent on activities such as recruitment, placement, and public awareness.

How has the Corporation ensured that the 1.5% of the funds earmarked for VISTA recruitment and placement has, in fact, been spent exclusively on VISTA activities?

We ensure that the funds earmarked for VISTA public awareness and recruitment activities under Section 103 of the DVSA are spent on those activities through our budgeting process. This involves formulating a budget that identifies VISTA activities and monitoring outlays based on the approved budget.

What has been spent on VISTA Recruitment and placement in each of the last three fiscal years?

The Corporation supports VISTA recruitment and placement activities in several ways including through the work of the national recruitment unit, Corporation state offices, and grant funds used directly by grantees. The national recruitment budgets for AmeriCorps*VISTA activities for the last four fiscal years are:

FY 2000 - $1,208,800 (enacted)
FY 1999 - $1,094,000 (actual)
FY 1998 - $955,000 (actual)
FY 1997 - $588,000 (actual)

Since the 1.5% is a floor and not a ceiling, has the corporation spent in excess of the 1.5% on VISTA specific activities? If so, please provide for the record a summary of how these additional funds were spent to support VISTA activities in these areas.

In general, the Corporation has met the 1.5 percent minimum requirement through the recruitment of Nationally Recruited VISTAs (NRVs). In Fiscal Year 1999, spending, which included VISTA Placement Officer salaries and benefits, totaled the 1.5 percent floor.

In addition the Corporation supports the following recruitment and placement efforts related to VISTA. First, VISTA selection and placement occurs in the Corporation State Offices and with local VISTA Sponsors. While we do not track expenditures of time or money, State Office staff spend considerable time, effort, and budget (in the form of salaries, and sometimes travel) on the selection and placement of both NRVs and Locally Recruited VISTAs (LRVs). Second, VISTA Grantees may use grant funds for recruitment – printing brochures and flyers, staff salaries and travel to recruitment events, etc. Finally, VISTA grantees have access to AmeriCorps Recruitment Coordinators who provide technical assistance to VISTA sponsors across the country, and conduct recruitment trainings at numerous VISTA Supervisory Training Conferences, and with VISTA Leaders. We do not specifically track Recruitment Coordinators' salaries, benefits, travel, etc., which could be attributed to VISTA-related activities.

This year marks the 35th anniversary of the VISTA program.

Do you have any plans for increased visibility and public awareness and recruitment efforts to mark this occasion?

Yes, we kicked off the 35th Anniversary with the swearing-in of Matt Dunne, the new AmeriCorps*VISTA Director, on February 15th. During the year, we will hold local events, a national training event that will for the first time include former VISTAs, and produce documentation of the rich VISTA history to emphasize the effect of the VISTA experience on professionals and communities three decades later. These will

be in a variety of media including publications and video. In addition, we will have a VISTA alumni presence at the National Community Service Conference that is to be held on Orlando in June. Finally, we will reach out to new partners to help develop additional events throughout the year commemorating the past and future of VISTA. These may include a range of activities including policy conferences.

Please provide for the record the Corporation's plans for FY 2000 and FY 2001 for VISTA recruitment, placement and public awareness activities.

By statute, the Corporation is required to integrate its recruitment and placement activities across all AmeriCorps programs. In FY 1998 the AmeriCorps Recruitment, Selection, and Placement unit was fully established, which brought together recruitment (as well as VISTA and NCCC selection and placement) under one unit.

Based on a review of how the Corporation can make most effective use of available resources for recruitment and placement of AmeriCorps members, we are developing a single unified recruitment, marketing, and public awareness strategy which features AmeriCorps, rather than individual AmeriCorps programs. Under a coordinated strategy we will continue to support activities that are specific to the VISTA program as well as a strategy of more general AmeriCorps outreach. We will use Section 103 funds to support VISTA-specific activities and the portion of general outreach activities that is attributable to AmeriCorps*VISTA. All of the recruitment and marketing activities will focus on directing persons interested in service opportunities to the AmeriCorps recruitment website. (We recognize that not all people will have Internet access, so 1-800 number service will be fully maintained.)

We believe our overall strategy of using an Internet-based system will significantly increase the numbers of members for VISTA, AmeriCorps State and National programs, and AmeriCorps NCCC. We have already made significant improvements on the AmeriCorps recruitment website. (The recruitment website address is www.americorps.org/joining/index.html).

In addition, we are in the process of designing an AmeriCorps recruitment and placement system using the Internet that will rapidly and directly connect prospective members to programs and projects—and, we believe, translate into more members for all programs. While the plan is still in development, some of the system features we're working on include:

- Electronic and instant matching of prospective members' interests and preferences with a listing of specific projects and programs that suit them (considering such data as skills, age, geographic preference, availability date, and more) and that individual programs and projects can access and update with the latest project descriptions and recruitment information. A *prospect database* of all individuals who registered on our website, which would be searchable and usable by programs/projects for follow-up recruitment and outreach activities.

- An electronic application which prospective members could complete and submit on-line.

- AmeriCorps recruiting campaigns promoting AmeriCorps and directing all inquiries to a new website featuring the innovations listed above, with a special emphasis on outreach to diverse audiences.

Along with these new electronic systems, we will continue to maintain our existing toll-free 800 number hotline and hard-copy applications for those prospective members unable to access the Internet. Our plan is for our Recruitment Coordinators to expand their message to promote AmeriCorps generally at local and regional events, and will work with alumni and the media to expand the reach of the AmeriCorps message to more outlets.

We believe our new strategy will: (1) greatly increase the numbers of individuals visiting our website (where we will then describe VISTA and the other AmeriCorps programs in detail); (2) allow the public to identify the programs they are most interested in; (3) allow them to quickly submit an application directly to the sponsor or project; and (4) result in far less attrition among individuals interested in our programs.

The development of this new system will be driven by feedback and input received from projects and sponsors, State Commissions, Corporation State Offices, and other Corporation staff. Our goal is to create a system that addresses the needs of its users—both prospective members, and sponsors and projects—and brings far more people into the AmeriCorps network.

In addition, below are some specific examples of our plans for the next two fiscal years.

- Enhancing outreach to college graduates with disabilities, people in mid-career transitions, and older Americans to increase the number of people with specialized skills.

- Increasing specialized assistance with VISTA project supervisors to help them develop effective outreach materials (helping them write better position descriptions, encouraging special incentives–assistance finding housing, etc.)

- Developing a comprehensive referral system from other AmeriCorps projects (such as NCCC) to VISTA.

- Conducting focus groups on community service to develop an ad campaign, television and radio PSAs, and web-outreach to increase awareness of VISTA and participation in the VISTA program.

- Increasing alumni participation in recruitment events--developing a network of active former VISTA members, training them on recruitment, and sending them to events in their community.

- Using Alumni, will participate in up to 500 recruitment events on college campuses.
- To spend more than $250,000 on print and web advertising geared toward college students, minorities, people with disabilities, retirees, Native Americans, and others.
- To provide information to 40,000 college faculty, financial aid offices, and career advisors.
- To create specific and long-term awareness of AmeriCorps*VISTA to more than 600,000 college juniors and seniors through direct mail.
- Spend $100,000 on web-based recruitment to increase overall participation and specifically target people with technology skills, welfare to work interests, and those interested in developing literacy programs.
- Researching new technologies, such as on-line chats and streaming video--to increase awareness and participation in VISTA.

Is CNS having any difficulty, similar to those faced by the military, in recruiting VISTA volunteers?

Yes, we have had some difficulties, particularly in certain types of positions and in certain areas of the country. This is understandable in light of the tight labor market throughout the country.

Quickly escalating starting salaries for entry-level jobs, recruitment and retention bonuses, "time-bomb" job offers, and, in general, employment and educational opportunities perhaps unequaled in our history, stand in stark contrast to the poverty-level living allowance in VISTA. Despite these challenges, overall VISTA has been meeting its need for increasingly higher numbers of members as indicated in our performance reports.

While VISTA continues to attract highly-qualified individuals who have the commitment and desire to serve others as their primary motivation (over financial rewards) the temptations of today's job market are strongly felt.

How many VISTAs are there currently serving?

There are 5,673 VISTAs currently serving.

How many are recruited at the national level by the Corporation?

There are 1,055 of those serving were recruited at the national level.

How many are recruited directly by the AmeriCorps VISTA sponsoring organizations?

Sponsors are not required to report the numbers of applications received, so it is impossible to know the exact number of locally recruited applicants.

How many individuals have applied to the VISTA program in each of the last three years? Of these, how many have actually been enrolled in VISTA service?

The number of individuals that have applied to the VISTA program in the last three years are:

For National (NRV) Recruitment:

- **FY 1997** there were **2948 applications** and **930 NRV members placed**
- **FY 1998** there were **2939 applications** and **895 NRV members placed**
- **FY 1999** there were **3593 applications** and **1081 NRV members placed**

For Local (LRV) Recruitment:

- **FY 1997** there were **3303 LRV members placed**
- **FY 1998** there were **4253 LRV members placed**
- **FY 1999** there were **4629 LRV members placed**

What type of VISTA-focused public Awareness campaigns is the Corporation undertaking to recruit recent college graduates or volunteers with specialized skills required for projects such as the Technology Initiative or the Welfare to Work programs?

Increased recruitment activities focusing on college grads and persons with technology and other specialized skills include:

- This spring, the Corporation announced that Yahoo! has committed $1 million in public service advertising on its website to help recruit VISTAs and other AmeriCorps members for projects working to close the digital divide.
- This past year, the Corporation spent more than $150,000 on print and web advertising geared toward college students, minorities, people with disabilities, retirees, Native Americans, and others.

- Developing a web-based application, streamlining the application process, and providing follow-up via email, phone calls, and mail.
- Developing new brochures focusing on the rewards of service for college-age members, people in mid-career transition and retirees.
- Informing families of potential members about the rewards of AmeriCorps*VISTA service and are creating materials specifically for them.
- Providing information to 40,000 college faculty, financial aid offices, and career advisors;
- Creating specific and long-term awareness of AmeriCorps*VISTA to more than 600,000 college juniors and seniors through direct mail.
- Participating in more than 300 college based recruitment events during the school year.
- Increasing our collaborative recruitment efforts with other AmeriCorps programs and the Peace Corps--both prime areas for AmeriCorps*VISTA recruitment.
- Spending $60,000 per year on web-based outreach to attract those with technology backgrounds and capabilities.

CORPORATION
FOR NATIONAL
SERVICE

February 7, 2000

The Honorable Arlen Specter
Chairman
Subcommittee on Labor, Health and
Human Services, and Education
Committee on Appropriations
United States Senate
184 Dirksen Senate Office Building
Washington, D.C. 20510-6034

Dear Mr. Chairman, Arlen —

I enclose the justification for the fiscal 2001 funding request for programs authorized under the Domestic Volunteer Service Act of 1973, as amended. The fiscal 2001 request for these programs and their related administrative costs totals $312,616,000 – an increase of $18,095,000 over the fiscal 2000 base of $294,521,000.

This budget builds upon the successes of the Corporation and provides opportunities for more Americans – young and old – to serve others and their communities as National Senior Service Corps volunteers and AmeriCorps*VISTA members.

These resources will enable Domestic Volunteer Service Act programs to continue fulfilling their missions and establishing national service in the public mind as a non-partisan activity in which the American people can take pride. These funds will also help build and strengthen the relationships between the Corporation's programs and the much larger family of non-profit organizations and volunteer programs.

Sincerely,

Harris

Harris Wofford
Chief Executive Officer

CORPORATION
FOR NATIONAL
SERVICE

February 7, 2000

The Honorable John Edward Porter
Chairman
Subcommittee on Labor, Health and
Human Services, and Education
Committee on Appropriations
United States House of Representatives
2358 Rayburn House Office Building
Washington, D.C. 20515-6024

Dear Mr. Chairman,

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Sincerely,

Harris Wofford
Chief Executive Officer

The Mission of the Corporation for National Service

To provide opportunities for Americans of all ages and backgrounds to engage in service that addresses the nation's educational, public safety, environmental, and other human needs, to achieve direct and demonstrable results, and to encourage all Americans to engage in such service. In doing so, the Corporation will foster civic responsibility, strengthen the ties that bind us together as a people, and provide educational opportunity for those who make a substantial commitment to service.

Strategic Goals of the Corporation for National Service

One: Service will help solve the nation's unmet education, public safety, environmental and other human needs.

Two: Communities will be made stronger through service.

Three: The lives of those who serve will be improved through their service experience.

Four: Service will become a common expectation and experience of Americans as an integral part of civic responsibility.

Five: The Corporation will develop and maintain sound organizational systems and effective partnerships with the wider national service network.

DOMESTIC VOLUNTEER SERVICE PROGRAMS, OPERATING EXPENSES

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FISCAL YEAR 2001

COVER MEMO

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- Retired and Senior Volunteer Program
- Foster Grandparent Program
- Senior Companion Program
- Senior Demonstration Program

ACTIVITY 3: PROGRAM ADMINISTRATION

OTHER MATERIAL AS REQUIRED BY GPRA
- Data Sources, Validity and Reliability
- The Five Goals of the Strategic Plan with Their Supporting Performance Measures

FY 2001 BUDGET

INTRODUCTION

When faced with challenges such as illiteracy, poverty, crime, and environmental problems, the nation has always relied on the dedication and action of its citizens. Today, through a national network of nonprofit organizations, schools, and other institutions, the Corporation for National Service carries on this tradition by promoting the ethic of service and by providing opportunities for Americans to serve their communities.

The Corporation was established in 1993 to engage Americans of all ages and backgrounds in community-based service. It supports a range of national and community service programs, providing opportunities for individuals to serve full or part-time, with or without stipends, as individuals or as part of a team.

Major Service Initiatives Domestic Volunteer Service Act Activities

*AmeriCorps*VISTA* members serve low-income communities across the country. Members of AmeriCorps*VISTA work and live in the communities in which they serve, creating or expanding projects that can continue after they complete their service.

National Senior Service Corps uses the skills, talents, and experiences of more than 500,000 older Americans to help solve local problems. Retired and Senior Volunteer Program (RSVP) volunteers meet a wide range of community needs. Foster Grandparents serve one-on-one with young people with special needs. Senior Companions help other seniors live independently in their homes.

Summary Budget Request

Domestic Volunteer Service Act Programs

The budget by program is as follows:

The total budget request for fiscal 2001 for the programs authorized under the Domestic Volunteer Service Act is $312,616,000, an increase of $18,095,000 over the fiscal 2000 base of $294,521,000.

Volunteers in Service to America (AmeriCorps*VISTA). $86,000,000 to support approximately 6,100 volunteer service years on approximately 1,300 projects directed toward addressing the problems of illiterate youth and adults, the homeless, the jobless, the hungry, and the medically under-served.

Retired and Senior Volunteer Program (RSVP). $50,565,000 to enable approximately 470,000 individuals aged 55 and older to serve in about 740 local community-based organizations and institutions, including schools, museums, libraries, hospitals, nursing homes, and a wide range of other public and private nonprofit organizations.

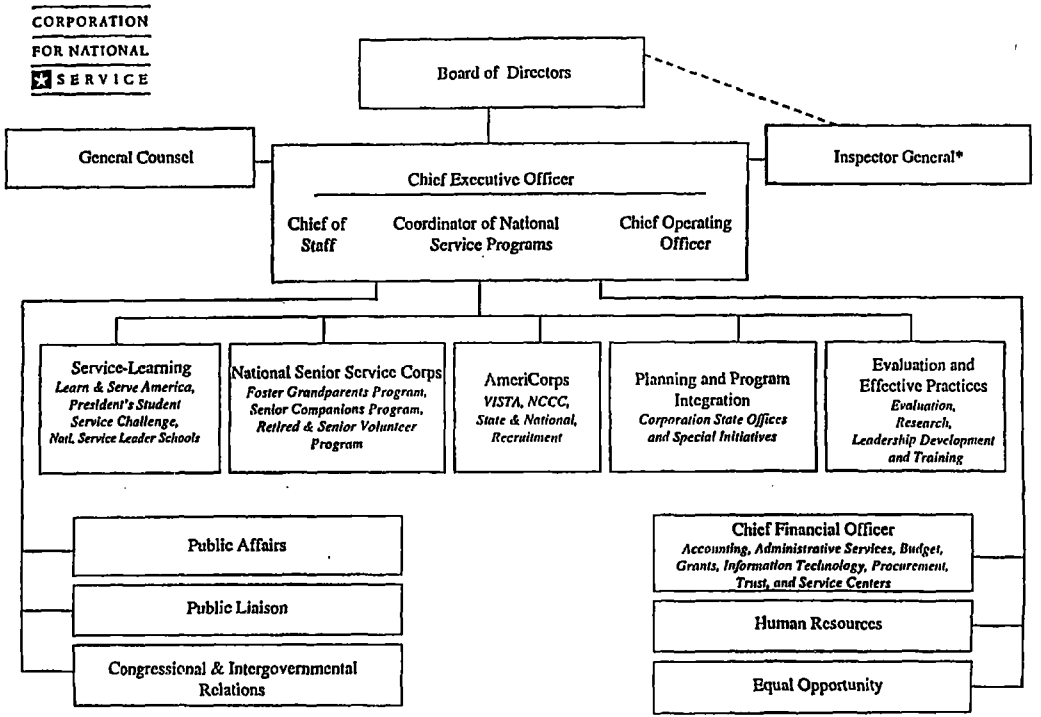
The Foster Grandparent Program (FGP). $97,782,000 to support approximately 23,000 total volunteers who will provide service to more than 99,000 children with special or exceptional needs. Volunteers will receive a modest stipend increase and local projects will receive a modest administrative cost increase to enhance their technological capacity.

The Senior Companion Program (SCP). $41,669,000 to support approximately 9,600 service years enabling low-income seniors to provide support to approximately 57,000 older adults receiving long-term care.

The Senior Demonstration Program. $2,500,000 to support the several initiatives including the Challenge to Large Scale Organizations and RSVP Leaders.

Program Administration. $34,100,000 to provide the resources necessary to support the activities of the program, policy, and management staff in the Corporation's headquarters, state, and service center offices.

Other Material Required by the Government and Performance and Results Act: This section includes a discussion of data sources, validity and reliability of GPRA performance measures. In addition, a table shows the relationship between the five strategic goals of the Corporation and the GPRA performance measures.


CORPORATION
FOR NATIONAL
SERVICE
Board of Directors
General Counsel
Inspector General*
Chief Executive Officer
Chief of Staff
Coordinator of National Service Programs
Chief Operating Officer
Service-Learning
Learn & Serve America, President's Student Service Challenge, Natl. Service Leader Schools
National Senior Service Corps
Foster Grandparents Program, Senior Companions Program, Retired & Senior Volunteer Program
AmeriCorps
VISTA, NCCC, State & National, Recruitment
Planning and Program Integration
Corporation State Offices and Special Initiatives
Evaluation and Effective Practices
Evaluation, Research, Leadership Development and Training
Public Affairs
Public Liaison
Congressional & Intergovernmental Relations
Chief Financial Officer
Accounting, Administrative Services, Budget, Grants, Information Technology, Procurement, Trust, and Service Centers
Human Resources
Equal Opportunity
*In accordance with the Inspector General Act, Section 3a.
11/18/98

SUMMARY

DOMESTIC VOLUNTEER SERVICE PROGRAMS, OPERATING EXPENSES

FY 2001 APPROPRIATION LANGUAGE

—

For expenses necessary for the Corporation for National and Community Service to carry out the provisions of the Domestic Volunteer Service Act of 1973, as amended, [$295,645,000: Provided, That none of the funds made available to the Corporation for National and Community Service in this Act for activities authorized by part E of title II of the Domestic Volunteer Service Act of 1973 shall be used to provide stipends to volunteers or volunteer leaders whose incomes exceed the income guidelines established for payment of stipends under the Foster Grandparent and Senior Companion programs: Provided further, That the foregoing proviso shall not apply to the Seniors for Schools program] *$312,616,000. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2000, as enacted by section 1000(a)(4) of the Consolidated Appropriations Act, 2000 (P.L. 106-113).)*

DOMESTIC VOLUNTEER SERVICE PROGRAMS OPERATING EXPENSES

AUTHORIZING LEGISLATION a/

Legislation		FY 1999 Authorized	FY 1999 Appropriated	FY 2000 Authorized	FY 2000 Appropriated	FY 2001 Authorized	FY 2001 Appropriation Requested
Domestic Volunteer Service Act of 1973, as amended (42 U. S. C. Sec. 4950 et seq.) (authorized through 09/30/96)							
TITLE I	National Volunteer Anti-Poverty Programs	b/ e/ $ xx,xxx,xxx	$73,000,000	b/ e $ xx,xxx,xxx	$80,574,000	b/ e/ $ xx,xxx,xxx	$86,000,000
TITLE II	National Senior Service Corps (NSSC)	b/ e/ (xxx,xxx,xxx)	(173,910,000)	b/ e (xxx,xxx,xxx)	(182,818,000)	b/ e/ (xxx,xxx,xxx)	(192,516,000)
Part A	Retired and Senior Volunteer Program (RSVP)	b/ e/ xx,xxx,xxx	43,001,000	b/ e xx,xxx,xxx	46,117,000	b/ e/ xx,xxx,xxx	50,565,000
Part B	Foster Grand-parent Program (FGP)	b/ e/ xx,xxx,xxx	93,256,000	b/ e xx,xxx,xxx	95,988,000	b/ e/ xx,xxx,xxx	97,782,000
Part C	Senior Companion Program (SCP)	b/ e/ xx,xxx,xxx	36,573,000	b/ e xx,xxx,xxx	39,219,000	b/ e/ xx,xxx,xxx	41,669,000
Part E	Senior Demonstration Program (SDP)	b/ e/ xx,xxx,xxx	1,080,000	b/ e xx,xxx,xxx	1,494,000	b/ e/ xx,xxx,xxx	2,500,000
TITLE IV	Administration and Coordination	c/ e/ xx,xxx,xxx	29,129,000	c/ e xx,xxx,xxx	31,129,000	c/ e/ xx,xxx,xxx	34,100,000
	Evaluation	d/ e (x,xxx,xxx)	(728,225)	d/ e (x,xxx,xxx)	(778,225)	d/ e (x,xxx,xxx)	(852,500)
	TOTAL	$xxx,xxx,xxx	$276,039,000	$xxx,xxx,xxx	$294,521,000	$xxx,xxx,xxx	$312,616,000

a/ Items in parenthesis are non-add items.
b/ "Such sums as may be necessary...."
c/ Title IV, Administration and Coordination, is to be not more than 18 percent of the total program funds appropriated under Titles I and II.
d/ Not less than 2-1/2 percent, and not more than 5 percent, of the amount appropriated for Title IV, Administration and Coordination.
e/ Additional authorizing legislation is required.

DOMESTIC VOLUNTEER SERVICE PROGRAMS OPERATING EXPENSES

BUDGET AUTHORITY BY ACTIVITY

	FY 1999 Enacted	FY 2000 Enacted 1/	FY 2001 Request	Increase/ Decrease
Activity 1: Volunteers in Service to America (VISTA)	$73,000,000	$80,574,000	$86,000,000	$5,426,000
Activity 2: National Senior Service Corps	173,910,000	182,818,000	192,516,000	9,698,000
A. Retired and Senior Volunteer Program (RSVP)	$43,001,000	$46,117,000	$50,565,000	4,448,000
B. Foster Grandparent Program (FGP)	93,256,000	95,988,000	97,782,000	1,794,000
C. Senior Companion Program (SCP)	36,573,000	39,219,000	41,669,000	2,450,000
D. Senior Demonstration Program (SDP)	1,080,000	1,494,000	2,500,000	1,006,000
Activity 3: Program Administration	29,129,000	31,129,000	34,100,000	2,971,000
Total Budget Authority	$276,039,000	$294,521,000	$312,616,000	18,095,000
Full-time equivalent employment	295	315	331	16

1/ Fiscal 2000 budget authority includes the effect of the .38% "Government-wide rescission" required by section 301(a) of the appropriation, PL 106-113.

OPERATING EXPENSES, DOMESTIC PROGRAMS

SUMMARY OF CHANGES

FY 2000 Appropriation Request	$294,521,000
FY 2001 Appropriation Request	312,616,000
Net change	$18,095,000

	FY 2000 Base Proposed Budget	FY 2001 Proposed Budget
VISTA	$80,574,000	$86,000,000
Literacy Corps	$0	$0
Retired and Senior Volunteer Program	$46,117,000	$50,565,000
Foster Grandparent Program	$95,988,000	$97,782,000
Senior Companion Program	$39,219,000	$41,669,000
Senior Demonstration Program	$1,494,000	$2,500,000
Program Administration	$31,129,000	$34,100,000
Total net change		$18,095,000

	FY 2000 Base Proposed Budget	FY 2001 Changes from FY 2000 Base
VISTA		
Increases:		
A. Built-in:		
1 Mandatory increase of approximately 3 percent in monthly subsistance allowance to maintain nationwide average subsistence rate at 105 percent of expected poverty level	$53,424,000	$1,716,000
2 Increase in recruitment due to statutory 1.5 percent of budget	$1,208,600	$81,400
3 Increase in stipend due to policy change in the cost share billing arrangements	$2,646,000	$270,000
4 Increases in health care due to policy changes	$8,600,000	$400,000
Subtotal, built-in increases	$65,878,600	$2,467,400

B. Program:		
1 Increase in subsistence allowance due to increase in members.....	$0	$1,833,600
2 Increase in overall health costs due to an increase in the number of members.....	$0	$282,800
3 Increase in stipend due to increase in members.....	$0	$67,500
4 Increase in FICA corresponding to increase in stipend.....	$202,400	$25,800
5 Increase in child care due to increase in members and increase in per cent taking.....	$1,593,000	$148,500
6 Increase in settling-in allowance due to increase in training entries.....	$612,500	$15,600
7 Increase in member and supervisor training due to increase in entries.....	$6,560,000	$240,000
8 Increase in FECA costs.....	$700,000	$27,500
9 Increase in the number of members nationally recruited needed travel assistance to training.....	$727,500	$27,500
9 Increase in the number of members who are supported through the program grant administrative costs/delivery vehicle.....	$4,300,000	$289,800
Subtotal, program increases.....	$14,695,400	$2,958,600
Decreases:		
A. Built-in:		
None		
Subtotal, built-in decreases.....	$0	$0
B. Program:		
Subtotal, program decreases.....	$0	$0
Net change, VISTA		$5,426,000

SUMMARY OF CHANGES - continued

	FY 2000 Base Proposed Budget	FY 2001 Changes from FY 2000 Base
Retired and Senior Volunteer Program	$46,117,000	
Increases:		
1. Additional funds for Administrative Costs.....		$2,560,800
2. Additional funds for Technology Improvements.....		$2,589,200
Decreases:		
1. Reduction in Training & Technical Assistance.....		($702,000)
Net change, Retired and Senior Volunteer Program		$4,448,000
Foster Grandparent Program	$95,988,000	
Increases:		
1. Additional funds for Adjustments for previous..... new grants full funding		$567,300
2. Additional funds for Technology Improvements.....		$1,128,500
3 Additional funds for Program of National Significance (PNS) grants.....		$286,200
Decreases:		
1 Reduction in Training & Technical Assistance.....		($188,000)
Net change, Foster Grandparent Program		$1,794,000
Senior Companion Program	$39,219,000	
Increases:		
1. Additional funds for Program of National Significance (PNS) grants.....		$700,200
2. Additional Funds for New Projects.....		$1,147,400
3. Additional funds for Technology Improvements.....		$704,900

Decreases:		
1 Reduction in Training & Technical Assistance.....		($102,500)
Net change, Senior Companion Program		$2,450,000
Senior Demonstration Program	$1,494,000	
Increases:		
1 Additional funds for new Challenge Grants.....		$1,875,000
2 Additional funds for Training and Technical Assistance, Evaluation & Communications.....		$350,000
Decreases:		
1. Decreased funds for grants due to completion of Seniors for Schools, Habitat & RSVP Leaders.....		($1,219,000)
Net change, Senior Demonstration Program		$1,006,000

SUMMARY OF CHANGES - continued

	FY 2000 Base Proposed Budget	FY 2001 Changes from FY 2000 Base
Program Administration		
Increases:		
1. Includes within-grade increases, requested additional staffing, and the FY 2001 pay raise.....	$21,648,000	$1,222,000
2. Ongoing systems development & management and adjustments in other operating costs to account for inflation.....	$9,481,000	$1,749,000
Net change, Program Administration.....		$2,971,000

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
DOMESTIC VOLUNTEER SERVICE PROGRAMS, OPERATING EXPENSES
BUDGET AUTHORITY BY OBJECT CLASSIFICATION
(dollars in thousands)

		1999 Actual	2000 Estimate	2001 Estimate	Increase + Decrease - 00 vs 01'
	Total number of permanent positions	332	332	342	10
	Full-time equivalent employment (FTE)	295	315	331	16
	Personnel compensation:				
11.1	Permanent positions (FTP)	58,404	63,648	67,739	4,091
11.3	Positions other than FTP	-	-	-	-
11.5	Other personnel compensation	205	131	135	4
11.8	Special personal services payments	10	-	-	0
11.9	Total, personnel compensation	58,619	63,780	67,874	4,095
12.1	Personnel benefits	5,033	5,789	6,143	354
13.0	Benefits for former personnel	-	-	-	0
21.0	Travel and transportation of persons	4,518	4,919	5,200	281
22.0	Transportation of things	268	269	274	5
23.1	Rental payments to GSA	2,715	4,378	4,466	88
23.2	Rental payments to others	-	-	-	0
23.3	Communications, utilities, and miscel-laneous charges	-	-	-	0
		1,737	1,782	1,826	44
24.0	Printing and reproduction	520	539	565	25
25.0	Other services	11,544	11,315	13,549	2,234
26.0	Supplies and Materials	511	498	513	16
31.0	Equipment	4	-	-	0
41.0	Grants, subsidies and contributions	190,563	201,245	212,198	10,952
42.0	Claims	6	7	7	0
	Lapsed	-	-	-	0
	Total funds available	276,039	294,521	312,616	18,095

AMOUNTS AVAILABLE FOR OBLIGATION

	FY 1999	FY 2000	FY 2001
Appropriation requested	[$278,422,000] a/	[$299,532,000] a/	$312,616,000
Appropriation	276,039,000	294,521,000	—
Reimbursements	14,152	10,062	10,000
Federal Departments and agencies	3,103	2,206	---
State and Local governments	6,189	4,400	---
Public and private nonprofit organizations	4,860	3,456	—
Total available for obligation	$276,053,152	$294,531,062	$312,626,000

a/ Items in brackets are non-add.

DOMESTIC VOLUNTEER SERVICE PROGRAMS OPERATING EXPENSES

APPROPRIATION HISTORY

Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation a/
1972	$392,000	$392,000	$392,000	$79,136,000 b/
1973	98,425,000	94,107,000	94,107,000	94,107,000
1974	93,298,000	89,323,000	92,399,000	91,760,000
1975	102,344,000	96,000,000	100,000,000	100,000,000
1976 and TQ	101,574,000	101,313,000	105,623,000	103,595,000
1977	93,902,000	108,200,000	108,200,000	109,110,000
1978	116,860,000	117,260,000	118,660,000	118,377,000
1979	130,986,000	118,377,000	118,377,000	119,175,000
1980	168,099,000	c/	c/	145,584,000 d/
1981	169,154,000	158,047,000	---	153,090,000 e/
1982	145,325,000	148,575,000	134,277,000	131,858,000 d/
1983	117,721,000	125,490,000	129,073,000	129,321,000 f/
1984	109,730,000	g/	140,061,000 h/	135,590,000 i/
1985	120,217,000	147,722,000	150,284,000	150,164,000
1986	147,550,000	150,164,000	152,164,000	144,782,000
1987	149,865,000	179,914,000	174,496,000	156,287,000 j/
1988	152,997,000	162,191,000	173,491,000	162,903,000 k/
1989	165,991,000	168,863,000	171,897,000	170,420,000 l/
1990	170,417,000	m/	181,092,000	175,665,000 n/
1991	192,424,000	191,659,000	200,136,000	191,289,000 o/

1992	198,552,000	193,678,000	201,691,000	198,592,000 p/
1993	205,137,000	201,502,000	204,875,000	201,526,000 q/
1994	206,738,000	201,526,000	206,287,000	205,097,000
1995	238,830,000	205,771,000	217,688,000	214624000 r/
1996	262,900,000	196,270,000	201,294,000	198117000 s/
1997	226,109,000	203,969,000	203,969,000	213,849,000 t/
1998	260,300,000	227,547,000	232,604,000	256,604,000
1999	278,422,000	251,369,000	275,039,000	276,039,000
2000	299,532,000	274,959,000	293,261,000	294,521,500 u/
2001	312,616,000			

a/ Includes all enacted supplementals.

b/ ACTION was established in FY 1972. Funding for the Domestic Volunteer Service Programs incorporated into ACTION was transferred from the Office of Economic Opportunity, the Department of Health, Education and Welfare, the Small Business Administration, and the Department of Housing and Urban Development. These transfers amounted to $78,744,000. In addition, $392,000 was directly appropriated to ACTION for the civilian pay increase effective January 9, 1972.

c/ Only Older American Volunteer Programs, totaling $83,317,000, were considered and appropriated. The remaining programs were not acted upon.

d/ Continuing resolution and supplemental appropriation.

e/ Final continuing resolution level.

f/ Reflects the terms of the Continuing Resolution (P.L. 97-377) effective through September 30, 1983.

g/ Deferred by the House because reauthorization law had not been enacted by the time the appropriations bill was brought up for consideration.

h/ Passed by the Senate; removed in conference because reauthorization law had not been enacted.

i/ Reflects the terms of the Continuing Resolution (P.L. 98-151) effective through September 30, 1984.

j/ Includes $2,000,000 for the Literacy Corps and $3,000,000 for ACTION's role under the Drug-Free

America Act.

k/ Includes the effect of 4.26 percent reduction resulting from Congres-sional-Executive Office of the President agreement; also includes $2,872,000 for the Literacy Corps and $1,570,000 for ACTION's role under the Drug-Free America Act. Also includes the effect of $182,000 staff travel reduction required by section 512 of P.L. 100-102.

l/ Includes the 1.2 percent reduction required to meet budget targets of FY 1988-89 agreement (P.L. 100-436, Sec. 517); also includes $2,000,000 for ACTION's role under the Urgent Supplemental Appropriations Act of 1989 (P.L. 100-393).

m/ Consideration of ACTION's appropriation request was deferred in the House pending passage of the Domestic Volunteer Service Act Amendments of 1989.

n/ Includes the 1.4 percent reduction required to meet budget targets of Gramm-Rudman-Hollings deficit reduction legislation (P.L. 99-177); also includes $1,500,000 for ACTION's drug abuse prevention program provided by the Department of Transportation and Related Agencies Appropriation Act (P.L. 101-164).

o/ Includes the 2.41 percent reduction required to meet budget targets and 0.0013 percent reduction required for mini-sequester in April, 1991. Earmarks $31,015,000 for VISTA and $2,245,000 for drug use prevention programs; these amounts were reduced to $30,287,000 and $2,191,000, respectively, after application of required reductions.

p/ Earmarks $32,688,000 for VISTA and $1,225,000 for illicit drug use prevention programs.

q/ Earmarks $35,822,000 for VISTA and $1,225,000 for illicit drug use prevention programs. Includes the effect of the across-the-board reduction of 0.8% contained in the final Conference Report (Report 102-974).

r/ Includes the effect of the $86,000 reduction in program support required by Section 513 of the appropriation, PL 103-333.

s/ Includes the effect of the $276,000 reduction required by Section 513 of the appropriation, PL 104-134.

t/ Includes the effect of the $120,000 reduction required by Section 519 of the appropriation, PL 104-208.

u/ Includes the effect of the .38% "Government-wide rescission" required by section 301(a) of the appropriation 106-113.

DOMESTIC VOLUNTEER SERVICE PROGRAMS OPERATING EXPENSES

STAFFING HISTORY a/

Fiscal Year	DVSP Total	Program Administration b/	Program	Inspector General
1983	529	529	---	---
1984	490	490	---	---
1985	494	494	---	---
1986	483	483	---	---
1987	460	460	---	---
1988	426	426	---	---
1989	429	429	---	---
1990	435	435	---	---
1991	413	403	---	10
1992	422	410	---	12
1993	414	402	---	12
1994	366	354	---	12
1995	351	351	---	---
1996	329	329	---	---
1997	310	332	---	---
1998	332	332	---	---
1999	332	321	11	---
2000	332	321	11	---
2001 (Request)	342	331	11	

a/ For fiscal years 1983 through 1998, figures represent the number of proposed full-time equivalent (FTE) work-years reported to the Office of Management and Budget; for fiscal years 2000 through 2001, the figures represent the proposed Agency FTE ceiling.

b/ Prior to fiscal year 1991 both the funding and the FTE for the Inspector General's staff were included in the allocation for Program Administration. From FY 1991 through FY 1994, in accordance with the Inspector General Act Amendments of 1988, provision was made for a separate allocation for the Office of the Inspector General. With the enactment of the National and Community Service Trust Act of 1993 and the creation of the Corporation for National and Community Service, the Office of the Inspector General became an independent, statutory entity in accordance with the Inspector General Act of 1978, as amended, with a separate appropriation.

OPERATING EXPENSES, DOMESTIC PROGRAMS

SERVICE YEARS FUNDED a/

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Stipended Programs:			
Volunteers in Service to America b/	5,481	5,900	6,100
Foster Grandparent Program	22,900	23,100	23,200
Senior Companion Program	8,750	9,200	9,600
Senior Demonstration Program	---	---	---
Total Service Years	37,131	38,200	38,900

TOTAL MEMBERS c/

	FY 1999 Estimate	FY 2000 Estimate	FY 2001 Estimate
Stipended Programs:			
Volunteers in Service to America	6,500	7,000	7,200
Foster Grandparent Program	28,100	28,400	28,500
Senior Companion Program	15,600	15,600	16,100
Nonstipended Volunteer Programs:			
Retired and Senior Volunteer Program	466,900	470,350	470,350
Senior Demonstration Program	---	---	---
Total Members	517,100	521,350	522,150

a/ These numbers represent Federally funded service years only.
b/ Includes grant-funded service years.
c/ These numbers represent the total number of both Federally and non-Federally funded members participating in the program during the fiscal year.

VISTA

Budget Activity 1:

AMERICORPS*VOLUNTEERS IN SERVICE TO AMERICA (VISTA)

SUMMARY OF BUDGET ESTIMATES	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request	Increase/ Decrease
		(dollars in thousands)		
Program Data				
Total service years	5,481	5,900	6,100	+200
Training entries	5,558	6,000	6,000	—
Budget Authority	$73,000	$80,574	$86,000	+$5,426
Grant-supported members	$14,150	$12,500	$13,714	+$1,214
Member support	49,656	57,576	61,634	+4,058
Project support	2,039	2,450	2,512	+62
Training and technical assistance	6,061	6,840	6,850	+10
Recruitment	1,094	1,208	1,290	+82
Lapsed funds	—	—	—	—
Current year budget authority	$73,000	$80,574	$86,000	+$5,426

Background Information on AmeriCorps*VISTA

Program Elements. AmeriCorps*VISTA members serve low-income communities across the country. Members of AmeriCorps*VISTA work and live in the communities in which they serve, creating or expanding projects that can continue after they complete their service. AmeriCorps*VISTA members are assigned to local project sponsors and focus on building community capacity, mobilizing community resources, and increasing self-reliance.

Participation. In fiscal 1999 AmeriCorps*VISTA had about 1,200 projects with over 6,500 members serving.[1] AmeriCorps*VISTA members serve full-time for at least one year and must be at least 18 years old. They received an annual living allowance that averaged approximately $8,688 in fiscal 1999. Members also receive health insurance, childcare, liability insurance, and a choice of the $4,725 education award or a $1,200 stipend upon conclusion of service.

[1] Comparing the number of AmeriCorps*VISTA members and the number of service years may be confusing. To understand the difference between them, please note that the number of members is a count of individuals in service, while service years is a count of how much time members serve. Each year there will always be more members than service years.

Types of Service. AmeriCorps*VISTA's main activities involve strengthening and expanding the capacity of local organizations to address the needs of low-income communities in these program emphasis areas: education, health and nutrition, housing and homelessness, community and economic development, and public safety. In fiscal 1997, projects reported AmeriCorps*VISTA members each recruited an average of 42 community volunteers and generated more than $24,000 in cash and in-kind resources for their local projects. An evaluation of AmeriCorps*VISTA project sustainability, in fiscal 1997, focused on projects that had not received VISTA support for two or more years. The study found that nearly 70 percent of the projects continued or expanded the activities in which AmeriCorps*VISTA members had been involved.

Funding. AmeriCorps*VISTA members serve in local public and private nonprofit organizations that absorb most of the costs of their training, supervision, and logistical support. In fiscal 1999, Congress appropriated $73 million for AmeriCorps*VISTA. In fiscal 1999, as part of the 6,500 total enrollment, AmeriCorps*VISTA has cost-share agreements in place which will support, when fully enrolled, about 1,000 members. These agreements require the cost-share sponsor to reimburse the federal government for some direct support costs of members.

Findings from Independent Program Evaluation Studies

VISTA Generates a Powerful Leveraging Effect. AmeriCorps*VISTA members regularly stretch the value of their own service by mobilizing community resources that are directed to meeting project-specific goals. AmeriCorps*VISTA is specifically charged with a mission of "sustainability" that enhances this impact. The program expects members to train their replacements in local organizations and communities thus allowing continuation of member-initiated activities after AmeriCorps*VISTA resources are withdrawn.

- Over the past five years, an average of 68 percent of AmeriCorps*VISTA-sponsored programs continued to operate after members had left their assignments. (PeopleWorks, Inc., *The Sustainability of AmeriCorps*VISTA Programs and Activities*, 1997)
- Almost 850 AmeriCorps*VISTA members worked on housing and homeless initiatives at 240 projects during 1997, benefiting an estimated 234,500 of their fellow Americans. Significantly, members recruited 46,600 additional community volunteers (a leverage factor of 55), who provided more than three-quarters of a million hours of service, which ranged between $4.1 and $10.8 million in value. To this recruitment effort, members added $12.7 million in cash and $6.9 million worth of in-kind contributions. (Westat Corporation, *1997 AmeriCorps*VISTA Accomplishments*, April, 1998.)

A crucial area of service is organizational capacity building. In this area of service, members work with local organizations to increase their capabilities for delivering community services by engaging in such tasks as fund-raising, developing volunteer recruitment initiatives, mounting public education campaigns, and providing training and technical assistance. (Westat Corporation, *1997 AmeriCorps*VISTA Accomplishments*, April, 1998.)

- In the organizational capacity building area alone, almost 900 AmeriCorps*VISTA members helped to recruit an additional 12,500 community volunteers to provide 158,000 hours of organizational support beyond direct delivery of services.
- These leveraged resources have a conservatively estimated value of more than $800,000.

AmeriCorps' literacy activities have significant impacts on reading scores and abilities. Several studies document the impact of AmeriCorps*VISTA on literacy. See a summary of these studies in Budget Activity 3: Innovation, Demonstration, and Assistance Activities.

AmeriCorps*VISTA Accomplishments in Fiscal 1999

(a) Service Years. During fiscal 1999, AmeriCorps*VISTA produced 5,481 service years, through appropriated funds, on approximately 1,200 projects across the country. Additional members were supported with non-Corporation resources. Nearly 40 percent of those service years, including 900 Summer Associates (100 service years), focused on the Corporation's literacy initiative to ensure that all children read well and independently by the end of third grade. This initiative is a comprehensive, nationwide effort to create in-school, after-school, weekend, and summer tutoring programs in reading. As part of this effort, AmeriCorps*VISTA members played an active role in recruiting, training and coordinating volunteer tutors from all walks of life including college students, senior citizens, and representatives from business and the private voluntary sector.

(b) Technology Initiative. Technology projects begun in fiscal 1998 expanded from community-based settings to school-based settings with the establishment of computer learning centers that support computer literacy activities for both children and adults. AmeriCorps*VISTA members serving on technology projects were involved in: assessment of local technology needs; development and design of technology plans; establishment of community Internet access sites; and, recruitment of volunteers for such activities as computer hardware and software installation, e-mail mentoring programs, and staffing of computer labs.

(c) Welfare-to-Work. Welfare-to-work projects in which AmeriCorps*VISTA members assist low-income residents in making the transition to employment and self-employment opportunities increased in number. The 1997 Accomplishments Study indicated that AmeriCorps*VISTA members can have significant impact in such areas as: job development, job placement, job readiness training, micro-enterprise development, micro-lending, and establishment of support systems (child care, transportation, etc.) to enable low-income individuals to seek and keep employment.

AmeriCorps*VISTA Initiatives for Fiscal 2000

- **Bridging the Digital Divide.** AmeriCorps*VISTA members will provide technology to community-based and school-based computer learning centers so that they can keep pace with current innovations. A major component of these projects will be partnerships with major corporations who are leaders in technological issues. Technology projects will also address the need to increase computer literacy among youth and adults to enhance their employability. AmeriCorps*VISTA has made an issue of the "digital divide" separating low-income communities from those with substantial resources a major priority. For example, with support from IBM, United Way of America sponsors 65 AmeriCorps*VISTA members who are helping disadvantaged communities acquire state-of-the-art technology.

- **Welfare-to-Work.** AmeriCorps*VISTA will continue to expand on the job creation aspects of welfare-to-work. Most new jobs are created by very small or micro-businesses. A growing number of economic development organizations offer services providing access to start-up loans, business training, and technical assistance to welfare recipients creating new businesses. AmeriCorps*VISTA members will provide support to such organizations by creating self-employment opportunities and providing access to credit and capital as low-income individuals move toward economic independence.

- **Literacy.** The Corporation's literacy initiative will represent nearly 40 percent of the overall AmeriCorps*VISTA program. AmeriCorps*VISTA members will be playing an essential role in recruiting, training, and managing volunteer tutors. This will build upon AmeriCorps*VISTA's experience of recruiting and mobilizing volunteers from communities to assist with local project

activities. As reflected in a series of accomplishment studies, each AmeriCorps*VISTA member recruits, on average, more than 40 volunteer tutors to participate in the America Reads initiative.

- **Summer Activities.** Summer Associates will again focus on literacy projects, as well as on projects designed to attract professionally trained students, for example, from law or business, to the program.

AmeriCorps*VISTA Initiatives for Fiscal 2001

- **Current Program.** The current project portfolio continues to address the needs of low-income communities by providing AmeriCorps*VISTA members to government and non-government organizations. These members focus on building capacity in the organizations they serve. Members garner additional resources and develop sustainability for initiatives that address healthcare, low-income housing, education, economic development, public safety, the environment, and other needs.

Request: $28,291,700

- **New Projects in Fiscal 2001.** The average life of an AmeriCorps*VISTA project is three years. Thus, in any year approximately 350 projects will phase out to be replaced by new projects. A Sustainability Study completed in 1997 concluded that, after three to five years from the close out, 73 percent of the projects continued or expanded the activities started by the AmeriCorps*VISTA members. In fiscal 2001, we anticipate the start of approximately 350 new projects, with new organizations, that will continue to focus on mobilizing community resources.

Request: $9,868,600

- **Bridging the Digital Divide.** The Corporation is seeking about 500 AmeriCorps*VISTA service years to expand technology access especially in rural communities and those designated as urban or rural empowerment zones. AmeriCorps*VISTA members can provide support to organizations to create self-employment opportunities, access to credit and capital, computer literacy, community and school-based computer learning programs, and the promotion of Individual Development Accounts. In addition, members can help build community and organizational capacity in diverse roles including technology plans, assessing local technology needs, and developing community-based technology learning centers.

Request: $6,750,000

- **Literacy and Reading Programs.** Literacy, after-school, and summer programs will all continue within the literacy initiative area. This amounts to approximately 40 percent of the overall AmeriCorps*VISTA program. AmeriCorps*VISTA members play key roles in strengthening community organizations by recruiting and mobilizing volunteers, coordinating and supporting volunteer tutors, mobilizing community resources to ensure project activities are sustained and continued in the community. The summer associate program will grow to 2,000 members and will continue to focus on literacy activities.

Request: $29,200,000

- **Welfare to Work.** Job creation and asset development are essential in helping individuals make a permanent transition from welfare to work and to long term economic self-sufficiency. Small or micro-enterprises create most new jobs. A growing number of economic development organizations offer programs that provide access to start-up loans, business training, and technical assistance to welfare recipients who are creating new businesses and new job opportunities. AmeriCorps*VISTA members can provide appropriate support to enhance the capacity of these organizations and the

communities they serve. AmeriCorps*VISTA members do this in a variety of roles including job development and training, establishment of support systems (childcare, transportation, tutoring), and training in various workplace technologies.

Request: $7,300,000

- **Increase in Program Grants to Support AmeriCorps*VISTA Members.** Our field staffing structure has stayed constant in the past years while the AmeriCorps*VISTA program has increased in size by approximately 40 percent. This increase has necessitated the greater use of Program Grants. These are more costly to fund because they are often larger projects and must include the costs of supervision, payroll administration, communications, and audit. Smaller projects, those not using a grants-based funding system, usually assume these administrative costs. One reason the administrative costs are included in the Program Grants is that these projects usually have multiple operating sites encompassing a region or an entire state. This imposes an administrative burden that project sponsors are unwilling to assume.

Request: $1,583,700

- **Subsistence Allowance Increase.** By statute, AmeriCorps*VISTA members are to be paid an amount not less than 105 percent of the poverty index applicable for the upcoming year. The poverty index guidelines are usually published in March and form the basis for the increase in the subsistence allowance rate. The Corporation will make rate adjustments for AmeriCorps*VISTA at mid-year. The 1999 poverty guideline for a family of 1 was $8,240. 105 percent of this would be $8,652. The average subsistence rate for fiscal 1999 is $8,688. The rate for fiscal 2000 increases to $8,904 and in fiscal 2001 to $9,168.

Request: $1,716,000

- **Member Recruitment.** AmeriCorps*VISTA maintains national recruitment, selection, and placement systems which provides Americans of all walks of life the opportunity to serve in over 1,300 projects throughout the United States. The AmeriCorps*VISTA recruitment activities are carried out in conjunction with other AmeriCorps recruitment, as authorized under Sub-title H of the National Community Service Act. Members are recruited based on their motivation and skills. They are assigned to projects in diverse locations after a thorough selection process.

Request: $1,290,000

Total Request: $86,000,000

PERFORMANCE INDICATORS

Performance Indicators for AmeriCorps*VISTA	Performance Goals: Actual FY 1999	FY 2000	FY 2001	Increase/ Decrease
Number of AmeriCorps*VISTA projects.	1,172	1,250	1,300	+50
Number of AmeriCorps*VISTA service years completed (excluding negotiated cost-share agreements).	5,481	5,900	6,100	+200
Number of AmeriCorps*VISTA service years supported by cost-share agreements.	1,000	1,000	1,000	0
Average percent of expected service time completed by AmeriCorps*VISTA members.[2]	81.1%	83%	85%	+2%
Percent of those AmeriCorps*VISTAs who enroll in the Trust earning the education award.[3]	82.9%	85%	87%	+2%

[2] This indicator is defined as follows. For an AmeriCorp*VISTA member who completes service during a program year, divide the number of days served by the number of days that member was expected to serve. For example, a full-time AmeriCorps*VISTA member who serves 385 days has a rate of 105.5% (385/365). The average for the program is the average rate for all members.

[3] This indicator is defined as follows. For all members who complete service during a program year, divide the number of members who met the requirements for an education award by the total number of members who completed service. If, as in the case of AmeriCorps*VISTA, the completion rate is 82.9%, more than eight of every ten members who started the program earned an education award.

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators	Status of Research
Bi-Annual Accomplishment Surveys 1997 &1999 • AmeriCorps*VISTA projects are meeting critical community needs in education, public safety, environmental and other human needs.	Bi-Annual Survey
Customer Satisfaction Surveys • Percent of AmeriCorps*VISTA's partners, including project sponsors and grantees, reporting that the program manages its activities efficiently and effectively.	Annual beginning fiscal 1999
Community Impact Surveys • Rating by knowledgeable, community representatives of AmeriCorps*VISTA projects' success in meeting critical community needs.	Planned annual surveys beginning in fiscal 2000

Potential Outcomes for AmeriCorps*VISTA from Program Evaluations[4]	Status of Research
Longitudinal Research on National Service Participants • Improvements in the lives of AmeriCorps*VISTA members resulting from their service. • Comparison of individuals who do not serve with former AmeriCorps*VISTA participants on degree of engagement in their communities, including continuing to serve. • The extent to which the service experience improves the life skills of members, including their ability to work with people of diverse backgrounds. • The percent of former AmeriCorps*VISTA members who receive the education award reporting that it was a substantial factor in their decision - and their ability - to go to college. • The percent of former AmeriCorps*VISTA members who receive the education award reporting that it was a substantial factor in their ability to reduce the burden of debt owed to educational institutions.	Planned 3-5 year study, beginning in fiscal 1999

[4] These outcomes are from studies yet to be completed. Outcomes from completed evaluations were listed earlier under "Findings from Independent Program Evaluation Studies."

NATIONAL SENIOR SERVICE CORPS

Budget Activity 2:

NATIONAL SENIOR SERVICE CORPS

	BUDGET AUTHORITY			
	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request	Increase/ Decrease
	(dollars in thousands)			
A. Retired and Senior Volunteer Program	$43,001	$46,117	$50,565	$4,448
B. Foster Grandparent Program	93,256	95,988	97,782	1,794
C. Senior Companion Program	36,573	39,219	41,669	2,450
D. Demonstration Programs	1,080	1,494	2,500	1,006
Current year budget authority	$173,910	$182,819	$192,516	$9,698

Background Information on the National Senior Service Corps (Senior Corps)

The Senior Corps provides opportunities for older Americans to serve their communities. The Senior Corps comprises four programs: the Retired and Senior Volunteer Program (RSVP), the Foster Grandparent Program, the Senior Companion Program, and Senior Demonstration Programs.

In 1996, the Senior Corps embarked on an outcome-based approach called *Programming for Impact*, which is designed to demonstrate and capture how the Senior Corps' projects and volunteers positively impact the communities they serve. *Programming for Impact* adds the dimension of what difference Senior Corps volunteers make in meeting high priority community needs and calls for projects to measure accomplishments, impacts, and outcomes that occur as a result of volunteer efforts. *Programming for Impact* balances Senior Corps' past focus on the importance of service to the volunteer with what the volunteers are accomplishing to meet important needs and to strengthen the fabric of community. Increases in funding for project expansion and new grants are awarded based on the local organizations' plans and potential for getting things done through impact programming and on the high quality experience provided to the volunteers.

This budget request continues to position the Senior Corps programs to be accountable under the Government Performance and Results Act by continuing our *Programming for Impact* approach and to meet the administrative needs of existing Foster Grandparent, Senior Companion, and the Retired and Senior Volunteer Programs. The administrative needs we propose to meet are increased support for project administration and technology improvements.

We propose to bridge the gap that exists between the capability of retirees and the ability of organizations to put the talents of retirees to good use in meeting high priority community needs. Our solution calls for a series of "Challenge Grants" to large non-profits organizations. These Challenge Grants will target national organizations such as Big Brothers/Big Sisters, YMCA's and YWCA's, Catholic Charities USA, or large state and city organizations such as Community Service Societies. These organizations will compete for funds to build new systems to take full advantage of the large numbers of senior volunteers in achieving their organizations' missions and service goals. This issue is well documented and seen as a major barrier to expanding senior volunteer opportunities.

Budget Activity 2a:

RETIRED AND SENIOR VOLUNTEER PROGRAM

BUDGET AUTHORITY				
	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request	Increase/ Decrease
		(dollars in thousands)		
Budget Authority:				
New grants	$420	—	—	—
Continuing grants	41,576	44,724	49,695	+4,971
Training and technical assistance	703	1,093	575	-518
Communications	302	300	295	-5
Lapsed funds	—	—	—	—
Current year budget authority	$43,001	$46, 117	$50,565	+$4,448

Background Information on the Retired and Senior Volunteer Program (RSVP)

Program Elements. The Retired and Senior Volunteer Program (RSVP) matches older Americans who are willing to help with local problems. RSVP volunteers choose how and where they want to serve, and they determine how many hours a week they serve. RSVP volunteers do not receive any stipend, but their project may reimburse them for some costs associated with their service activities. In addition, RSVP provides appropriate insurance coverage for volunteers while on assignment.

Participation. Each year more than 460,000 older Americans, age 55 and over, provide community service through the sponsorship of more than 760 local RSVP projects. The amount of service can vary from a few hours a month to almost full-time, with the average hours of service being approximately four hours a week.

Types of Service. RSVP volunteers serve through public agencies and nonprofit organizations. They tutor children and youth, organize neighborhood watch programs, renovate homes, teach English to immigrants, program computers, help people recover from natural disasters, and serve as museum docents – whatever their skills and interests lead them to do. In 1999, the Corporation awarded 55 Programs of National Significance grant augmentations to existing projects. This will provide for more than 3,000 new volunteers. They will serve in locally identified service activities promoting the goals of America Reads and America's Promise. The Corporation funded five new projects totaling 1,000 volunteers in geographic locations previously not served.

The projects' local infrastructure or support base required for managing volunteers and service projects is being built in a way which enhances the community's ability to use more senior volunteers to meet their community's priority needs. And, while meeting critical needs, the programs are continuing to encourage the contributions of senior Americans. Greater support for this base will position RSVP to engage more actively the increasing numbers of young eligible potential volunteers.

Funding. In fiscal 1999, RSVP received $43 million. In fiscal 2000, the federal appropriation increased to $46.1 million. In fiscal 1999, non-federal contributions were over $44 million.

Findings from Independent Program Evaluation Studies

Accomplishments of RSVP volunteers positively affect their communities. RSVP volunteers provide services through organizations in the areas of health, nutrition, and education and through assistance to local government agencies or programs. Examples of specific areas of effort are presented in the accomplishments data on the following page. (Westat, Inc. *Retired and Senior Volunteer Program: Summary Evaluation Report.* 1997)

RSVP faces significant challenges in implementing impact programming. The diversity, complexity, and large size of RSVP present challenges. This is particularly so if success is measured by demonstrated impact of service on critical community needs rather than focused on the historical emphasis on needs of seniors and of the community stations through which they serve. The issue for RSVP is how it can remain successful in a changing environment in which the focus is shifting to outcomes of service for communities. (Westat, Inc. *Retired and Senior Volunteer Program: Summary Evaluation Report.* 1997)

RSVP Projects are large and complex, presenting serious management challenges to project directors. More than half of the project directors responding to a survey completed in 1996 reported they were at the saturation point in terms of numbers of volunteer stations or volunteers they could manage effectively. The study found numerous cases in which the size of the projects exceeded the capacity of the project staff to manage stations and volunteers active during the year. (Westat, Inc. *Retired and Senior Volunteer Program: Summary Evaluation Report.* 1997)

RSVP Accomplishments in Fiscal 1999

(a) RSVP Service Levels. Almost 467,000 volunteers have served in 764 local projects supported by Corporation and non-Corporation funds. They provided almost 78 million hours of service to 67,000 organizations. Existing projects received approximately $1.2 million as administrative cost increases to address, in part, infrastructure need.

(b) Programs of National Significance (PNS). A total of 55 Corporation and non-Corporation funded RSVP projects received PNS grant augmentations. They supported over 3,000 additional volunteers serving in a variety of settings to promote school readiness, family literacy, reading, clean water, delivery of health and nutrition services and other priority areas. Five new projects in geographic areas with no current RSVP service received RSVP funding. These grants supported approximately 1,000 new volunteers.

(c) Programming for Impact. In fiscal 1999, RSVP has compiled a compelling record in gathering and reporting accomplishments in meeting priority community needs, particularly as they relate to the goals of the Corporation's literacy intitiative. This shift occurred through the ongoing training investment in impact programming, reporting tools designed to capture accomplishments and impacts as they relate to community needs served, and increased integration of Programming for Impact into standard project operations.

SELECTED RSVP ACCOMPLISHMENTS[1]

From July 1, 1997 to June 30, 1998

- Providing 91 million hours of service by more than half a million senior members (182 hours per member);
- Distributing more than 40 million pounds of food to 2.8 million people;
- Organizing supportive services to senior centers and adult day care centers for more than 13 million seniors;
- Serving as classroom, playground, and computer aides for more than 100,000 students and tutoring more than 30,000 students in grades K-6;
- Helping meet the needs of more than 10,000 terminally ill patients in homes, hospitals, and hospices;
- Providing public health services at a clinic, hospital, or mobile unit, or adult day care centers for more than 5 million people;
- Providing nurture and support to more than 80,000 Head Start children;
- Providing business counseling to more than 2,000 private, nonprofit, and public agencies to improve their operations, and benefiting more than 3 million of their clients; and
- Conducting more than 700,000 community crime patrols, freeing up more than half a million hours of police time.

Source: Aguirre International, *Retired and Senior Volunteer Corps Accomplishment Summary.* 1999.

[1] These accomplishments are based on annual reports provided by RSVP grantees to Aguirre International. The data are not subject to audit and should be considered as approximate indicators of level of performance. Independent reviews conducted of the accomplishment reporting process in earlier years found that the reported results were accurate reflections of effort. In fact, programs were frequently found to underreport accomplishments.

RSVP Initiatives for Fiscal 2000

- **RSVP Service Levels.** Approximately 470,000 participants will serve in 764 local projects supported by Corporation and non-Corporation funds. They will provide more than 78 million hours of service to an estimated 70,000 local organizations.

- **Project Administration Enhancements.** A critical requirement to continuing and building upon RSVP's accomplishments is the availability of additional funding for project staffing, travel and other support costs. This will enable projects to extend and expand programming for impact. An increase of over $1.6 million to cover administrative cost increases and infrastructure support will provide relief in these areas.

- **Programs of National Significance.** An undetermined number of Corporation and non-Corporation funded projects will receive RSVP Programs of National Significance grant augmentations. Programs of National Significance grants must be used to supplement, not supplant, the number of federally supported volunteers in the designated program areas and the project as a whole. They will support an additional 3,460 volunteers.

- **National Conference.** Representatives from all projects will attend the second Senior Corps National Conference.

RSVP Initiatives for Fiscal 2001

The fiscal 2001 request of $50.5 million focuses additional investment in RSVP strictly on meeting the administrative needs of existing projects. This investment will strengthen the infrastructure of existing projects, help them to overcome existing administrative limitations and position them for increased volunteer opportunities in subsequent years.

- **Continuing Grants.** Approximately 470,000 volunteers in 740 Corporation funded projects will provide a wide array of services to meet community needs. Another 24 projects operate with minimal or no Corporation funds. Almost 478,000 volunteers in all projects will provide over 78 million hours of service annually.

  Request: $44,545,000

- **Recruitment, Training, and Technical Assistance.** This request will help support a multimedia approach to increasing public awareness of the impact of older persons providing vital services in their communities. In addition, the Corporation will provide training and technical assistance to local projects on a variety of topics, including outcome-based programming. The request will also support the RSVP's share of training and technical assistance events designed to include AmeriCorps, Learn and Serve America, and the Senior Corps working together.

  Request: $870,000

- **Project Administration Enhancements.** A 5.75 percent across the board increase to all projects for staffing and other infrastructure support is required to continue the shift to outcome based programming and reporting. The evaluation findings cited earlier support the need for these funds. A critical requirement to continuing and building upon RSVP's accomplishments is the availability of additional funding support. These funds will support project staffing, travel and other support costs, enabling projects to extend and expand programming for impact, attract and retain a changing volunteer pool requiring different service opportunities and approaches, and provide leadership in the new century.

  Request: $ 2,560,800

❖ **Improved Computer Technology.** Average award of $3,390 for each project to provide technology improvements, including hardware and software applications, internet access and training and reference materials. These funds will help projects complete grant applications, financial reports, and performance measurement using web-based applications.

Request: $2,589,200

Total Request: $50,565,000

PERFORMANCE INDICATORS

Performance Indicators for the Retired and Senior Volunteer Program (RSVP)	Actual FY 1999	Performance Goals FY 2000	FY 2001	Increase/ Decrease
Number of federally funded RSVP projects.	740	740	740	0
Number of federally funded RSVP volunteers in service.	466,900	470,350	470,350	0
Percent of RSVP volunteers serving in outcome-based assignments.[2]	Not yet available	30%	40%	10%

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators[3]	Status of Research
Customer Satisfaction Surveys • Percent of RSVP's partners, including grantees and station sponsors, reporting that the program manages its activities efficiently and effectively.	Annual beginning fiscal 1999
Community Impact Surveys • Ratings by knowledgeable, community representatives on success of RSVP participants in meeting critical community needs.	Planned annual survey beginning in fiscal 2000
Bi-Annual Accomplishment Surveys 1998, 2000, 2002 • Census of service activities by RSVP members meeting priority community needs in education, public safety, environmental and other human needs.	Bi-Annual Survey beginning in 1998

[2] Outcome based assignments engage volunteers in activities that will contribute to meeting a community need as identified by key stakeholders in the community. The results of the service must be measurable and there must be a system in place for reporting the information.

[3] These outcomes are from studies yet to be completed. Outcomes from completed evaluations were listed earlier under "Findings from Independent Program Evaluation Studies."

Budget Activity 2b:

FOSTER GRANDPARENT PROGRAM

BUDGET AUTHORITY	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request	Increase/ Decrease
		(dollars in thousands)		
Budget Authority:				
New grants	$1,800	---	---	---
Continuing grants	90,206	95,400	97,382	+1,982
Training and technical assistance	1,054	463	275	-188
Communications	196	125	125	---
Lapsed funds	=	=	=	=
Current year budget authority	$93,256	$95,988	$97,782	+$1,794

Background Information on the Foster Grandparent Program (FGP)

Program Elements. Since 1965, Foster Grandparents have provided valuable aid to children and youth with exceptional needs. Foster Grandparents serve an average of 20 hours a week and receive stipends set at $2.55 an hour. They must be age 60 or above and meet certain low-income requirements. In addition to the stipend, Foster Grandparents receive accident, liability, and automobile insurance coverage, if needed, during their assignments.

Participation. In fiscal 1999, more than 28,000 Foster Grandparents served in 333 projects. These volunteers provided service to more than 180,000 children with special and exceptional needs.

Types of Service. Foster Grandparents serve in schools, hospitals, drug treatment centers, correctional institutions, and Head Start and day care centers. Foster Grandparents help abused and neglected children, mentor troubled teenagers and young mothers, and care for premature infants and children with physical disabilities. In 1999, 31 Programs of National Significance grant augmentations were awarded to existing projects for 475 new volunteer service years to serve in locally identified service activities that promote the goals of America Reads and America's Promise. Nine new projects with a total of 450 volunteer service years were awarded in geographic locations previously not served.

Funding. Local sponsors apply each year to the Corporation for grants to operate Foster Grandparent Programs. In fiscal 1999, appropriations totaled $93.3 million. In fiscal 2000, this increased to $96 million. In fiscal 1999, non-federal contributions were $36.9 million.

Findings from Independent Program Evaluation Studies

Foster Grandparents support leads to positive, social and emotional outcomes in children. A recent quantitative study of FGP explored what Foster Grandparents actually do with children. The study looked at the links between their activities and positive outcomes for children and youth. Overall, the

study found that Foster Grandparents demonstrated "positive caregiver behaviors associated with positive outcomes for children and benefits for classrooms and [Head Start] centers." The study found that Foster Grandparents provide consistent support to the children in five essential areas (Westat, Inc., *Foster Grandparent Evaluation Final Report,* December, 1997):

(1) Emotional well-being.
(2) Self-esteem & self-efficacy.
(3) Social behaviors and skills development.
(4) Language development.
(5) Cognitive development.

Accomplishments in Fiscal 1999

(a) FGP Service Levels. Approximately 28,100 Foster Grandparents served over 98,000 children and youth daily in 333 local projects supported by federal, state, local and private sector funds.

(b) Project Administrative Enhancements. Local projects received a 3 percent administrative cost increase to offset partially the effects of inflation, especially in areas that contribute to enhancing impact programming and technology improvements.

ACCOMPLISHMENTS OF THE FOSTER GRANDPARENT PROGRAM[1]

Among other accomplishments, from July 1, 1997 to June 30, 1998, Foster Grandparents:

- Recorded an average of 1,000 hours per member, totaling 30 million hours nationally;
- Visited and nurtured more than 200,000 children;
- Provided mentoring and constructive guidance to more than 145,000 children and tutored more than 115,000 children in grades K-12;
- Aided and counseled more than 88,000 abused and neglected children;
- Provided more than 17 million hours of service in elementary schools; and
- Provided one-on-one support and nurturing to more than 27,000 youth offenders and ex-offenders.

Source: Aguirre International, *Foster Grandparent Accomplishment Summary,* July 1, 1997 – June 30, 1998. 1999

[1] These accomplishments are based on annual reports provided by FGP grantees to Aguirre International. The data are not subject to audit and should be considered as approximate indicators of level of performance. Independent reviews conducted of the accomplishment reporting process in earlier years found that the reported results were accurate reflections of effort. In fact, programs were frequently found to underreport accomplishments.

(c) Programs of National Significance. Approximately 470 new volunteer service years were awarded in PNS grant augmentations to existing sponsors. These Foster Grandparents served over 1,800 additional children daily in elementary schools, Head Start programs, reading readiness programs, health care facilities, etc.

(d) New Grants. The Corporation approved nine new FGP Projects in geographic locations not previously served by FGP. The additional 450 volunteer service years provided service to more than 1,800 new children in the first year.

Foster Grandparent Program Initiatives for Fiscal 2000

- **FGP Service Levels.** More than 28,300 Foster Grandparents will provide service to over 100,000 children and youth in existing local projects supported by Corporation, state, local, and private funds.

- **Project Administration Enhancements.** A critical requirement to continuing and building upon FGP's accomplishments is the availability of additional funding for project staffing, travel and other support costs. This will enable projects to extend and expand programming for impact. An increase of over $1.9 million to cover administrative cost increases and infrastructure support will relief in these areas.

- **Programs of National Significance.** An undetermined number of local projects will receive Programs of National Significance grant augmentations to support 225 new volunteer service years. This will allow Foster Grandparents to serve an additional 875 children and youth daily.

- **National Conference.** Representatives from all projects will attend the second Senior Corps National Conference.

Foster Grandparent Program Initiatives for Fiscal 2001

- **Continuing Grants.** More than 28,400 Foster Grandparents will provide service to almost 100,000 children and youth daily in existing local projects supported by federal, state, local, and private sector funds.

  Request: $95,967,000

- **Recruitment, Training, and Technical Assistance.** This request will help support a multimedia approach to increasing public awareness of the impact of older persons providing vital services in their communities. In addition, the Corporation will provide training and technical assistance to local projects on a variety of topics, including outcome-based programming. The request will also support the FGP's share of training and technical assistance events designed to include AmeriCorps, Learn and Serve America, and the Senior Corps working together.

  Request: $ 400,000

- **Improved Computer Technology.** Average award of $3,390 for each project to provide technology improvements, including hardware and software applications, internet access and training and reference materials. These funds will help projects complete grant applications, financial reports, and performance measurement using web-based applications.

  Request: $ 1,128,500

❖ **Programs of National Significance.** Approximately 70 new volunteer service years will be awarded to existing projects providing service to more than 200 additional children and youth.

Request: $286,500

Total Request: $97,782,000

PERFORMANCE INDICATORS

Performance Indicators for the Foster Grandparent Program	Actual FY 1999	Performance Goals FY 2000	FY 2001	Increase/ Decrease
Number of federally funded Foster Grandparent projects.	309	309	309	0
Number of federally funded Foster Grandparent service years completed.	22,900	23,100	23,200	0
Number of children with special and exceptional needs served by Foster Grandparents.	Not yet available	99,300	99,300	0
Percent of Foster Grandparents covered by Volunteer Assignment Plans.[2]	Not yet available	75%	100%	25%

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators[3]	Status of Research
Customer Satisfaction Surveys • Percent of Foster Grandparent Program's partners, including grantees and station sponsors, reporting that the program manages its activities efficiently and effectively.	Annual beginning fiscal 1999
Community Impact Surveys • Ratings by knowledgeable, community representatives on success of Foster Grandparent Programs in meeting critical community needs.	Planned annual surveys beginning in fiscal 2000
Bi-Annual Accomplishment Surveys 1998, 2000, 2002 • Census of service activities by Foster Grandparent Programs meeting priority community needs in education, public safety, environmental and other human needs.	Bi-Annual Survey beginning in 1998

[2] Volunteer Assignment Plans include a written description of a Foster Grandparent's assignment with a child. The plan identifies specific outcomes for the child served and the activities of the Foster Grandparent.

[3] These outcomes are from studies yet to be completed. Outcomes from completed evaluations were listed earlier under "Findings from Independent Program Evaluation Studies."

Budget Activity 2c:

SENIOR COMPANION PROGRAM

BUDGET AUTHORITY				
	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request	Increase/ Decrease
		(dollars in thousands)		
Budget Authority:				
New grants	—	$1,016	$1,147	+$131
Continuing grants	36,099	37,845	40,267	+2,422
Training and technical assistance	355	283	175	-108
Communications	119	75	80	+5
Lapsed funds	=	=	=	=
Current year budget authority	$36,573	$39,219	$41,669	+$2,450

Background Information on the Senior Companions Program (SCP)

Program Elements. Senior Companions provide assistance to frail, homebound individuals, most of them elderly. These clients have difficulties with daily living tasks and Senior Companions help them retain their dignity and independence. The Senior Companion Program, like the Foster Grandparent Program, provides low-income persons, age 60 and over, the opportunity to serve those in need. Senior Companions receive the same stipend and insurance as Foster Grandparents and serve 20 hours a week.

Participation. In fiscal 1999, approximately 15,000 Senior Companions were in service, through 207 projects, with more than 41,000 clients each day.

Types of Service. Senior Companions help homebound clients with chores such as paying bills, buying groceries, and finding transportation to medical appointments. Senior Companions receive training in topics such as Alzheimer's disease, stroke, diabetes, and mental health – and alert doctors and family members of potential health problems. In 1999, 10 Programs of National Significance grant augmentations were awarded to existing projects for 100 new volunteer service years to serve in respite and independent living activities.

Funding. As with the Foster Grandparent program, local sponsors apply each year to the Corporation for funds to operate Senior Companion projects. In fiscal 1999, the program received $36.6 million and for $39.2 million for fiscal 2000. In fiscal 1999, non-federal contributions were $24.1 million.

Accomplishments in Fiscal 1999

(a) SCP service levels. Over 15,000 Senior Companions served in 157 Corporation funded and 50 non-Corporation projects to provide personal assistance and companionship primarily to persons who have physical, mental, or emotional impairments. More than 52,900 adults received services.

(b) Programs of National Significance. Approximately $402,000 helped fund ten Programs of National Significance (PNS) grant augmentations to support a total of 100 new volunteer service years.

(c) Administrative Cost Increase. More than $990,000 helped support a modest administrative cost increase for all projects.

Senior Companion Program Accomplishments

From July 1, 1997 to June 31, 1998[1]

Hours of Service	Hours
To those with mental health disabilities	460,000
To those with developmental disabilities	500,000
To those with physical disabilities	600,000
Services Provided	**Number Served**
Peer counseling, support, letter writing, listening, reading, talking	75,000
Light housekeeping, meal preparation, and nutritional information	10,000
Rehabilitation therapy and exercise	8,000

Source: *Aguirre International, Senior Companion Program Accomplishment Summary,* July 1, 1997-June 30, 1998, February, 1999.

Senior Companion Program Initiatives for Fiscal 2000

- **SCP Service Levels.** More than 15,575 Senior Companions will serve in 162 Corporation-funded and 50 non-Corporation projects to provide personal assistance and companionship primarily to persons who have physical, mental, or emotional impairments. Over 54,900 adults will receive service annually.

- **New Grants.** In recognition of changing demographics and the rapidly increasing need for support for independent living, the Corporation will establish an estimated five new projects in geographic areas not served by Senior Companions. Currently, 80 percent of the counties have no Senior Companion Program activity. More than 240 new service years will support approximately 270 new volunteers serving over 800 new clients annually.

[1] These accomplishments are based on annual reports provided by SCP grantees to Aguirre International. The data are not subject to audit and should be considered as approximate indicators of level of performance. Independent reviews conducted of the accomplishment reporting process in earlier years found that the reported results were accurate reflections of effort. In fact, programs were frequently found to underreport accomplishments.

- **Programs of National Significance.** An undetermined number of existing projects will receive PNS grants to support an additional 220 service years. An estimated 950 new persons will be served annually.

- **Project Administration Enhancements.** A critical requirement to continuing and building upon SCP's accomplishments is the availability of additional funding for project staffing, travel and other support costs. This will enable projects to extend and expand programming for impact. An increase of approximately $724,800 to cover administrative cost increases and infrastructure support will provide relief in these areas.

- **National Conference.** Representatives from all projects will participate in the second Senior Corps National Conference.

Senior Companion Program Initiatives for Fiscal 2001

- **Continuing Grants.** More than 15,600 Senior Companions will serve in 162 Corporation-funded and 50 non-Corporation projects to provide personal assistance and companionship primarily to persons who have physical, mental, or emotional impairments. More than 43,000 adults will receive service annually.

Request: $38,861,500

- **Recruitment, Training, and Technical Assistance.** This request will help support a multimedia approach to increasing public awareness of the impact of older persons providing vital services in their communities. In addition, the Corporation will provide training and technical assistance to local projects on a variety of topics, including outcome-based programming. The request will also support the SCP's share of training and technical assistance events designed to include AmeriCorps, Learn and Serve America, and the Senior Corps working together.

Request: $ 255,000

- **Improved Computer Technology.** Average award of $3,389 for each project to provide technology improvements, including hardware and software applications, Internet access and training and reference materials. These funds will help projects complete grant applications, financial reports, and performance measurement using web-based applications.

Request: $ 704,900

- **Programs of National Significance Grants.** Approximately 160 new Senior Companion service years will support respite care to primary caregivers and promote independent living for persons experiencing difficulties performing activities of daily living. The new Senior Companions will serve 550 new persons weekly.

Request: $ 700,200

- **New Grants.** Approximately 5 new grants to support 265 new Senior Companion service years in communities currently not served. The new Senior Companions will serve 900 new clients weekly. These grants will also concentrate on providing respite and independent living services.

Request: $1,147,400

Total Request: $41,669,000

PERFORMANCE INDICATORS

Performance Indicators for the Senior Companion Program	Performance Goals Actual FY 1999	FY 2000	FY 2001	Increase/ Decrease
Number of federally funded Senior Companion projects.	157	162	167	+5
Number of federally funded Senior Companion service years completed.	8,750	9,200	9,600	+400
Number of frail, homebound, usually elderly clients served by Senior Companions.	52,900	54,900	56,950	+2,050
Percent of Senior Companions covered by Volunteer Assignment Plans.[2]	Not yet available	100%	100%	0

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators	Status of Research
Customer Satisfaction Surveys • Percent of Senior Companion Program's partners, including grantees and station sponsors, reporting that the program manages its activities efficiently and effectively.	Annual beginning fiscal 1999
Community Impact Surveys • Ratings by knowledgeable, community representatives on success of Senior Companions in meeting critical community needs.	Planned annual surveys beginning in fiscal 1999

Potential Outcomes for the Senior Companion Program from Program Evaluations[3]	Status of Research
Senior Companion Program Quality of Care Evaluation • Degree to which Senior Companions help clients to live independently, while maintaining active involvement with family and community. • Degree to which Senior Companions ensure that clients receive and eat balanced meals. • Degree to which Senior Companions reduce caregiver stress.	3-year study beginning in fiscal 1998
Accomplishment Surveys 1998, 2000, 2002 • Degree to which Senior Companions meet priority needs of frail, homebound, usually elderly clients.	Bi-Annual Survey beginning in 1998

[2] Volunteer Assignment Plans include a written description of a Senior Companion's assignment with a client. The plan identifies specific outcomes for the client served and the activities of the Senior Companion.
[3] These outcomes are from studies yet to be completed. Outcomes from completed evaluations were listed earlier under "Findings from Independent Program Evaluation Studies."

Budget Activity 2d:

SENIOR DEMONSTRATION PROGRAM

BUDGET AUTHORITY				
	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request	Increase/ Decrease
	(dollars in thousands)			
Budget Authority:				
Grants	$949	$1,444	$2,100	+$656
Training and technical assistance	131	50	400	+350
Communications	—	—	—	—
Lapsed funds	=	=	=	=
Current year budget authority	$1,080	$1,494	$2,500	+$1,006

Background Information on the Senior Corps Demonstration Program

The Senior Corps Demonstration initiatives test new models and emerging effective practices for involving older people in volunteer service. Senior Demonstrations build on effective practices and lessons learned from the current Senior Corps programs as well as the other national service activities. The goal is find the best way to tap the vast civic potential of the coming baby boom generation - the largest, best educated, healthiest, wealthiest, longest-living generation of seniors in the nation's history.

In fiscal 1998, the Senior Corps launched the Experience Corps for Independent Living. The Experience Corps for Independent Living expanded the size and scope of volunteer efforts to provide independent living services for frail elders and their caregivers.

In fiscal 2000, the Congress, using the Conference Report on the Consolidated Appropriation Act, directed the Corporation to:

- End the appointment of Senior Leaders in the Foster Grandparent and Senior Companion Programs of persons not meeting income eligibility.
- Close the Experience Corps for Independent Living projects.
- End the Seniors for Schools projects after one more year.

Findings from Independent Program Evaluation Studies

Seniors have major impact on students and schools. A recent study of the Seniors for Schools initiative found several significant outcomes *(Project STAR. Seniors for Schools, 1998-1999 Data Analysis, Seniors for Schools Program Surveys,* 1999):

- Eighty-eight percent of the 1,422 students measured improved their reading skills during the project year.
- Sixty-nine percent of tutored students increased grade level by one full reading level or more.
- Eighty-three percent of teachers reported positive changes in student literacy including increases in reading ability.
- Over 82 percent of principals, staff, and teachers indicated that students displayed increased positive attitudes toward reading and increased self-confidence in reading ability.
- Ninety-eight percent of the principals, staff, and teachers want Seniors for Schools volunteers back next year.
- Ninety percent of teachers reported that the Seniors for Schools initiative increased their ability to target instruction to specific student needs.
- More than 98 percent of the principals and staff along with 92 percent of the teachers noted that the seniors were positive role models and increased children's respect for older adults.

Accomplishments in Fiscal 1999

(a) Seniors for Schools. The major initiative within this activity is the Seniors for Schools initiative, which recruits adults age 55 and over to help children read independently by the end of the third grade. The nine Demonstration grants supported more than 300 intensive service volunteers who served 15 or more hours a week. These volunteers leveraged additional volunteers and together they served more than 3,500 elementary school children.

(b) Seniors for Habitat. Seniors for Habitat is a pilot program involving the Retired and Senior Volunteer Program (RSVP) and selected Habitat for Humanity International affiliates. Eight RSVP projects were funded to use the time, talent, experience, and resources of older adults in helping build the capacity of Habitat affiliates. These affiliates seek to move people out of substandard housing and into their own homes. Currently, more than 180 Seniors for Habitat volunteers are helping to complete construction projects and cut the completion time in half while doing so.

(c) Homewood Pilot. Seed funds were provided in support of a collaborative partnership between the Greater Homewood Community Corporation of Baltimore and the Center on Aging and Health, Johns Hopkins Medical Institutions. The State of Maryland provided the major funding for this project. The program is designed to use the skills and time of older adults to serve children in elementary schools like Seniors for Schools. Dual objectives seek to build interventions for children and promote the health of older adults. An evaluation of this program is planned.

Senior Demonstration Program Initiatives for Fiscal 2000

❖ **Implementing the Conference Report.** In fiscal 2000, the Corporation is implementing the Conference Report on the Consolidated Appropriation Act as directed by Congress. All Senior Leaders in the Foster Grandparent and Senior Companion Programs not meeting income eligibility requirements were terminated from their leader roles. The Experience Corps for Independent Living projects will close as fiscal 1999 funds expire.

❖ **Demonstration Program Service Levels.** The Seniors for Schools effort will receive a final year of funding. The Seniors for Habitat will receive an additional year of funding.

- **RSVP Leaders.** The RSVP Leaders initiative, previously funded with RSVP funds, will receive a third year of support with Senior Demonstration funding. RSVP Leaders are volunteers who commit to serve a minimum of fifteen hours each week Leaders assume a range of responsibilities that support direct service volunteers in achieving the project outcomes.

Senior Demonstration Program Initiatives for Fiscal 2001

- **Recruitment, Training, and Technical Assistance.** Training and technical assistance will go to local projects on a variety of topics, including outcome-based programming. Recruitment activities will support the new demonstrations.

Request: $200,000

- **Evaluation of Experience Corps for Independent Living.** Funds will go to support an evaluation of this program at the end of its two-year period of operation.

Request: $200,000

- **Challenge to Large Scale Organizations.** This new initiative proposes to bridge the gap that exists between the capacity of retirees to volunteer and the ability of organizations to put those resources to good use. To build this bridge, we are proposing to challenge large, non-profit organizations to mobilize great numbers of senior volunteers as a resource to solve particular community problems. These national organizations might include, for example, Big Brothers/Big Sisters, Catholic Charities USA, Habitat for Humanity, Lutheran Services of America, Save the Children Federation, United Way, the Volunteers of America, and the YMCA/YWCA. At state or city levels, candidate organizations could include large organizations such as Community Services Societies, community foundations, and Volunteer Centers.

  We are proposing to select five applicants to receive grants of approximately $375,000. Applicant organizations would be required to demonstrate how they will recruit, place, and oversee the activities of large numbers of senior volunteers throughout their organizations. Applicants must show how these senior volunteers will have a demonstrable impact on a high priority, large-scale community need, which the organization is addressing.

  This demonstration will build on the successful elements from previous demonstration efforts, building on effective practices and lessons learned from the current Senior Corps programs as well as the other national service activities. Applicants will apply these elements on much larger scales to have significant impact on a defined problem or issue. Finding ways to build organizational capacity of non-profit organizations to use volunteers could reap tremendous benefits for both communities and the senior volunteers.

Request: $1,875,000

- **RSVP Leaders.** We are requesting continued funding.

Request: $225,000

Total Request: $2,500,000

PERFORMANCE INDICATORS

Performance Indicators for the Senior Demonstration Program	Performance Goals: Actual FY 1999	FY 2000	FY 2001	Increase/ Decrease
Challenge to Large Scale Organizations	Not applicable	Not applicable	Plan and implement the program	--

Outcomes for the Senior Demonstration Program from Program Evaluations[1]	Status of Research
Seniors for Schools • Benefits for students, such as reading skills. • Benefits for teachers and schools, such as meeting students' needs or raising community awareness of school needs.	Completion in 2000
Experience Corps for Independent Living Evaluation • Experience Corps volunteers will deliver significant services to in-home, frail elderly who will benefit greatly from the services.	Completion in 2001

[1] These outcomes are from studies yet to be completed. Outcomes from completed evaluations were listed earlier under "Findings from Independent Program Evaluation Studies."

PROGRAM ADMINISTRATION

Budget Activity 3:

PROGRAM ADMINISTRATION:
DOMESTIC VOLUNTEER SERVICE ACT

BUDGET AUTHORITY				
	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request	Increase/ Decrease
		(dollars in thousands)		
Full-time equivalent employment (work years)	286	311	321	10
Budget Authority	$29,129	$31,129	$34,100	+$2,971
Personnel Compensation and benefits	20,236	21,841	23,064	+1,223
Other Expenses	8,893	9,288	11,036	+1,748
Lapsed	=	=	=	=
Current year budget authority	$29,129	$31,129	$34,100	+$2,971

Background Information on Program Administration

Program Administration is authorized under Title IV of the Domestic Volunteer Service Act of 1973, as amended. DVSA Program Administration funds are provided for the operation and support of the Domestic Volunteer Service Act activities of the Corporation. This, coupled with the funds provided in the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, provides for the operation of the Corporation.

Although Program Administration funding for the DVSA programs increased in fiscal 1999 by $1 million and in fiscal 2000 by $2 million, it followed what had been a $3 million decline between 1994 and 1998. During the period fiscal 1994 through fiscal 1998, the AmeriCorps*VISTA program budget grew by 50 percent, the Senior Corps budget grew by 25 percent, and the Program Administration budget declined in actual dollars by 10 percent. When inflation is taken into account, the Program Administration budget declined by 20 percent in real terms. Further, growth in the DVSA programs, e.g. VISTA, significantly increases the Corporation's workload since the Corporation directly manages the VISTA program through its field offices. During the same period that the administration budget was being reduced in real terms by 20 percent, the number of volunteer service years produced under AmeriCorps*VISTA, including those funded by non-federal sources, grew by 46 percent. Thus, the Corporation is managing a much greater workload with increasingly limited Program Administration resources. Only in the current and this past year has the Corporation been able to invest in crucial management improvements.

In addition to its general program growth, the Corporation has experienced an increase in cost sharing for both VISTA and Senior Corps. While we are delighted with the level of outside investment being made

in Corporation programs, these cost-sharing arrangements have also increased our administrative responsibilities, both in developing agreements and in administering and monitoring them.

The Congress did provide $2 million in additional funding, appropriated in fiscal 2000, which will enable the Corporation to address a number of its more critical systems development initiatives and staff needs. This increase provides some relief to the stresses on Program Administration resources.

The Corporation is devoting highest priority to improving its financial management. In fiscal 1999, the Corporation issued a comprehensive Action Plan that describes how the Corporation will implement its most critical management improvements. This Action Plan establishes nine key goals and associated objectives and tasks. These goals include management control, fiscal operations, grants management, financial management system implementation, financial reporting, Year 2000 compliance, information technology improvements, improved management of the National Service Trust, and procurement management. In fiscal 1999, the *Action Plan* was shared with congressional committees and progress against the *Action Plan* was reported to the Congress every 60 days. Achievement of these major goals will occur in fiscal 2000 and fiscal 2001, with the funds requested in this budget.

Program Administration Accomplishments in Fiscal 1999

(a) Action Plan. The Corporation has made significant progress in implementing its fiscal 1999 Action Plan. Work toward completing the goals and objectives of the action plan will continue in fiscal 2000. As of January 24, 2000, the Corporation had achieved 246 of 330 planned tasks. The Action Plan is dynamic and will continue to guide the Corporation's management agenda in 2000 and 2001.

(b) Year 2000 Compliance. The Corporation smoothly transitioned to the year 2000. The Y2K Contingent Emergency Fund transferred $800,000 to the Corporation to aid in this effort, which includes costs for systems verification and year 2000-related hardware and software upgrades. The Corporation's Year 2000 procurement module will be selected using these funds. Otherwise, the Corporation has completed its year 2000 verification.

(c) New Financial Management System (Momentum). The most significant and complex task of the year 2000 effort has been the implementation of a new core financial management system. The Corporation has installed American Management Service's financial management system, "Momentum," through an interagency agreement with the Department of the Interior. Momentum is a commercial off-the-shelf accounting package that is compliant with the Federal government's financial management system standards and is year 2000 compliant. The Corporation has dedicated an immense amount of time and energy throughout the fiscal year to configure the system to Corporation standards and to transfer accounting data from the old system to Momentum. This new core financial management system is now operational.

(d) Connectivity. Initial steps have been made to improve connectivity among the Corporation's field offices. In particular, as the Corporation completes the transition to the new core financial management system, ensuring that state offices can interact within the agency's network becomes a high priority. Testing of relay systems has proven that they are an effective means of assuring this needed connectivity. Additional funds provided in fiscal 2000 will enable the Corporation to pursue this initiative more extensively. Further, Internet access was provided to Corporation staff in 1999.

(e) Interim Grants System. While the Corporation focuses on implementing the new financial management system, it has drawn on internal contractor support to develop an interim grants system for Senior Corps programs. With funding provided in fiscal 2000, as well as fiscal 1999 funds appropriated for this purpose under the National and Community Services Act, the Corporation will

begin, in fiscal 2000, the analysis and development of a fully integrated management information system for grants monitoring, oversight and accounting. By fiscal 2001, a fully integrated grants system will replace the Corporation's interim grants system.

(f) National Service Trust. The Corporation has installed new technology in the National Service Trust operation, bringing on-line an imaging system that greatly improves data reliability, addresses past audit issues, and reduces labor needed for the rapidly increasing workload associated with our expanding programs. The Trust supports members of the AmeriCorps*VISTA program.

Administration Initiatives for Fiscal 2000

- **Action Plan.** In fiscal 2000, the Corporation will continue to implement the tasks identified in the Action Plan and to expand its reliance on technology to permit more efficient and effective oversight of its program activities.

- **Financial Statements.** In fiscal 2000, the Corporation will continue important steps that began in Fiscal 1999 to re-engineer its business practices and establish needed controls to improve its fiscal stewardship responsibilities. The Corporation has laid out an aggressive plan to correct its financial and program management weaknesses. Much has already been accomplished in fiscal 1999, but correcting longstanding weaknesses will continue in fiscal 2000. The Corporation's plan addresses the eight material weaknesses identified in the fiscal 1998 financial statement audit, and other weaknesses, including procurement and systems requirements. In order to manage increased workload and program resources with limited Program Administration funds, the Corporation is analyzing its business practices and re-engineering its work processes to streamline operations and make better use of information technology. To strengthen financial and program management practices, the Corporation will continue to add needed staff to the financial management and grants offices.

- **Financial and Other Program Systems.** With funding provided in fiscal 2000, implementation of the financial management system will be expanded to more Corporation staff desktops. The Corporation will use the output to improve the quality of financial reporting, program monitoring and control, and efficiency in administrative functions. As the only increase to the Corporation's overall Program Administration resources came in the Domestic Volunteer Service Act appropriation, some critical financial management subsystems, such as travel management, may not be selected and implemented until fiscal 2001. Improvements to the VISTA management system, however, will be started and improvements to the National Service Trust database will be continued, including the imaging system for Trust records, and the web-based reporting system.

- **Grant System.** In fiscal 1999, the Corporation started the planning phase for a new, integrated Grants Management system that would include both DVSA and NCSA grants. The new system will be comprised of separate modules, with the more critical modules being analyzed and developed during fiscal 2000. Overall, the Grant Management system is envisioned to be a comprehensive information database, supporting all phases of the grant management process. These include: application solicitation, receipt and evaluation; award negotiation and congressional notification; grant administration and monitoring; and finally, grant closeout. The system will support day-to-day operational responsibilities of corporation staff, and serve as a repository of program information for reporting purposes.

- **Computer Support for State Offices.** Currently, the Corporation's state offices connect to headquarters computers by periodically dialing in using the type of modems used in most home computers. While this type of connectivity is fine for retrieving and sending email, it is not adequate

for using modern databases and exchanging significant amounts of information with headquarters. Staff at these remote locations use the Volunteer Management System (VMS) database to manage the AmeriCorps*VISTA program and Senior Corps grants through these painfully slow connections. As mentioned above, in the fiscal 1999 accomplishments section, the Corporation needs to follow up on the testing of equipment upgrades, conducted in 1999, that will ensure full-time access to the Corporation's networks, including full-time access to VMS. Funding provided in the fiscal 2000 appropriation will support some one-time equipment costs for more state offices, as well as yearly operating costs for these systems. These upgrades will represent a crucial investment needed to manage these programs in an efficient fashion.

- **Computer Hardware.** Additional funding received in the fiscal 2000 appropriation will enable the Corporation to replace some of its aging computer hardware, which was either inherited from the ACTION agency in 1994 or purchased in the Corporation's first year of operations. These computers no longer function sufficiently and can no longer effectively support agency software.

Program Administration Initiatives for Fiscal 2001

- **Staffing and Compensation.** The Corporation has requested significant increases in its program funding for Volunteers in Service to America (VISTA) and National Senior Service Corps activities in this 2001 submission. While these programs have received increased funding in past years, the Corporation's limited Program Administration funding levels curtails its ability to fill badly needed staff positions, which serve to manage and monitor these program activities. The current request level will enable the Corporation to fully staff crucial support positions without sacrificing Program Administration funds provided by or requested of the Congress to improve financial management, systems and other administrative operations.

Request: $22,347,000

- **Operating Expenses.** All items other than salaries and related costs that enable the Corporation to manage and monitor its programs and grants are paid for with operating expenses. Major items funded include building rent, contractual services, computers, systems development, and program monitoring travel. In order to manage increased workload and program resources with limited Program Administration funds, the Corporation is analyzing its business practices and re-engineering its work processes to streamline operations and make better use of information technology. Even if the Congress provides the additional funding requested for fiscal 2001, the Corporation will still have to make difficult cuts to both its baseline fiscal 2000 and 2001 operating costs in order to implement more critical initiatives with limited overall resources.

Request: $9,036,000

- **Systems Development and Management.** The Corporation's fiscal 2001 request level will help fund systems development projects that complete the implementation of the core, Year 2000 compliant financial management system and the grants system. Whereas the fiscal 2000 funds will allow the Corporation to install Momentum software upgrades, there are numerous subsystems that will need to be developed or upgraded in order for the agency's programs to work efficiently and to be fully integrated. The core grants system, for which analysis and development will begin in fiscal 2000, will ultimately include cross servicing with a single grants payment system, developing a program database, an electronic application system and a central rolodex for Corporation grantees.

The Corporation's core financial management system will need to be supplemented by several other sub-systems over the next few years. These systems include an accounts receivable subsystem and interface, a travel management system, a Bank of America interface, an OPAC interface, and an archive retrieval system to facilitate efficient accessing of the old financial management system's

records. Additional enhancements will be needed to manage cost share operations, expand the National Service Trust Fund investment and "FEDWIRE" payment subsystems, and a fixed asset subsystem. Implementing these subsystems and integrated databases not only will enhance general programming and management operations at the Corporation but also will create a consolidated repository of information from which the Corporation can draw data for its many exterior reporting requirements.

The Corporation is currently able to provide only one staff person for web-site management. The increased demand for information on Corporation programs and opportunities requires that additional resources be dedicated to web-site support. The Corporation plans 1) to make information on service opportunities available through the web; 2) to make available application forms and other documents through the web to individuals and grantees; and 3) to provide a repository for grantees of Corporation policies and procedures. Developing and maintaining this site will require additional staff and contractor support.

The Corporation is requesting partial funding for these systems development projects within each of the two NCSA and DVSA submissions. Funding levels the Congress ultimately provides between the two appropriations will determine which of these critical systems projects the Corporation will be able to implement over the next few years.

Request: $2,000,000

❖ **Financial Management Systems and Program Staffing.** The Corporation's focus on addressing financial management, systems and administrative operations improvements requires additional staff in both the field and headquarters offices for data management, systems development, and training and technical assistance. To minimize the need for additional staff, the Corporation will make maximum use of technology. For example, the Corporation is encouraging AmeriCorps*VISTA members to receive compensation through electronic funds transfer. As more AmeriCorps*VISTA members select this option, the Corporation workload decreases and field staff can attend to other, higher priority tasks. Similar efficiencies will be achieved by transferring DVSA grantee payment processing to a single electronic payment system.

Request: $717,000

Total Request: $34,100,000

Summary of Changes: Increases over Fiscal 2000 Levels

Baseline salary increases	$505,000
Baseline operating costs	-251,000
Systems Development and Management	2,000,000
Management and Field Office Staffing	717,000
Total	**$2,971,000**

PERFORMANCE INDICATORS

Performance Indicators for Program Administration	Performance Actual FY 1999	Goals FY 2000	Goals FY 2001
Audit opinion for fiscal year financial statements.	Unqualified balance sheet; disclaimer on others	Obtain an unqualified opinion	Obtain an unqualified opinion
Reduction in the number of material weaknesses identified in the financial statement audit (Baseline drawn from financial statement reports: eight material weaknesses reported)	Not applicable	Reduced by four	Reduce to zero
Operating status of a single, grants management program that provides stewardship over federal funds in a cost-effective manner.	Started planning phase	System Analysis and Project Development initiated by 9/00	Core Modules Operational; Additional Modules in development
Operating status of a new financial management system ("Momentum").	Online 09/13/99	Access expanded to more Corporation disktops	Subsystem Implemented
Develop accounting subsystem in Momentum for procurement.	Not applicable	Start Procurement	Complete Procurement
Y2K status of mission-critical systems.	Not applicable	Systems Y2K Compliant	n.a.
Transfer DVSA grantees to single electronic payment system.	Not applicable	Plan	Implement

Budget Activity 3: PROGRAM ADMINISTRATION - continued

DOMESTIC VOLUNTEER SERVICE PROGRAMS, OPERATING EXPENSES
BUDGET AUTHORITY BY OBJECT CLASSIFICATION
(dollars in thousands)

		1999 Actual	2000 Estimate	2001 Estimate	Increase + Decrease - 00 vs 01'
	Total number of permanent positions.....	321	321	331	10
	Full-time equivalent employment (FTE).....	286	305	321	16
	Personnel compensation:				
11.1	Permanent positions (FTP).....	16,473	17,367	18,341	974
11.3	Positions other than FTP.....	-	-	-	-
11.5	Other personnel compensation.....	205	131	135	4
11.8	Special personal services payments.....	10	-	-	-
11.9	Total, personnel compensation.....	16,688	17,498	18,476	978
12.1	Personnel benefits.....	3,548	4,150	4,394	244
13.0	Benefits for former personnel.....	-	-	-	-
21.0	Travel and transportation of persons.....	1,006	1,044	1,065	21
22.0	Transportation of things.....	268	269	274	5
23.1	Rental payments to GSA.....	2,715	4,378	4,466	88
23.2	Rental payments to others.....	-	-	-	-
23.3	Communications, utilities, and miscel-laneous charges.....	1,579	1,608	1,640	32
24.0	Printing and reproduction.....	186	180	184	4
25.0	Other services.....	2,740	1,632	3,224	1,592
26.0	Supplies and Materials.....	394	370	377	7
31.0	Equipment.....	4	-	-	-
41.0	Grants, subsidies and contributions.....	-	-	-	-
42.0	Claims.....	-	-	-	-
	Total budget authority.....	29,129	31,129	34,100	2,971

OTHER MATERIAL REQUIRED BY THE GOVERNMENT PERFORMANCE AND RESULTS ACT

Data Sources, Validity, and Reliability

Data Sources

The Corporation's performance plan takes a multi-faceted approach to measurement and data. This plan calls for the use of four types of data collection and analysis, in addition to the existing program and management information data systems: Accomplishment Reporting, Community Impact Ratings, Customer Satisfaction Surveys, and Program Evaluation Research.

Accomplishment Reporting. This design allows programs to detail in quantitative form the many significant contributions they are making toward meeting critical community needs. The Corporation has implemented this approach in methods tested on AmeriCorps*State and National, AmeriCorps*VISTA, and the Retired and Senior Volunteer Program. Accomplishment reporting is now ready for use by other programs in the Corporation and the results will be included as a major component in the Corporation's Performance Reports for fiscal 1999 and fiscal 2000.

While believing in the value of accomplishment reporting, the Corporation recognizes that the statistics in accomplishment reports represent intermediate outcomes and not end outcomes. These numbers, however, tell a compelling story about the work of national service. These data serve as one source of information among many by which to evaluate the merit of national service programs. Accomplishment reporting does not stand alone, but serves as an informative adjunct to the other performance indicators proposed in this plan.

Reporting accomplishment data may lead some reviewers to question the results. How can the claim be made, for example, as was done in reporting the results of one survey, that program participants "performed 13,513 household security surveys or audits?" Was it really 13,513 and not 13,613 or even 14,000? Scientists know this possible error as the "fallacy of misplaced concreteness." To correct for this, in future reporting of accomplishments, the Corporation's reports will clearly report that these are estimates, based on the results reported by local programs, and will round the counts to the nearest hundred. While these reports may be approximations, they are not distortions, but rather do reflect honestly, within understood limits, the activities of local programs.

Community Impact Ratings. This method assesses the impact of national service programs on the communities and organizations in which members serve. This assessment, or rating, consists of a survey of important community representatives. These informants should have first-hand knowledge of the quality and impact of the service work performed by members of national service programs. Each local program identifies a small number of community representatives. These representatives are not employees of the grantee or the local program. They could be professionals working in the same setting as national service participants. The local program will have the option of referring to a list of typical community institutions they should try to include in their roster of nominees. The Corporation would build a roster from the list of nominees.

Customer Satisfaction Surveys. The Corporation's programs have many customers: program participants, grantees, community residents receiving services, and local and state governments. Gathering their perspectives on how well the Corporation is meeting their needs is an essential part of its commitment to continuous quality improvement. Targeted customer satisfaction surveys will be conducted annually, emphasizing how well the Corporation goes about its business of serving direct customers: the grantees and program participants.

Program Evaluation Research. The Corporation is committed to using its program evaluations to assess the end outcomes and impacts of its programs. The Corporation believes that, with focused, scientific, program evaluations, the results of service programs can be identified and measured.

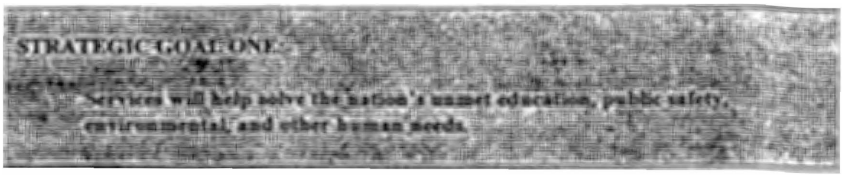
Data Validity and Reliability

The data underlying the performance measures can be verified or validated in three ways. First, surveys conducted as part of program evaluations carried out by the Corporation or its contractors follow accepted social science methods and principles concerning sampling, instrument construction, data analysis, and reporting.

Second, enrollment data, program accomplishment data, and other findings are subject to corroboration through monitoring of local program performance. The Corporation has a systematic strategy for comprehensive monitoring coverage of its grantees. This strategy uses: (1) site visits by Corporation employees from headquarters and Corporation State Offices; (2) monitoring by the staff of State Commissions of national service; (3) site visits by program evaluation researchers; and (4) audits by the Corporation's Office of Inspector General and its contracted representatives.

Third, as experience grows with each performance indicator, norms will be set against which programs can be compared. The Corporation, as part of its policy of continuous program quality improvement, will investigate extreme cases to protect against both inadvertent errors and deliberate deception.

The Five Goals of the Strategic Plan with Their Supporting Performance Measures Organized by Budget Activity



National Service Trust

Outcomes in Pending and Planned Program Evaluations

Longitudinal Research on National Service Participants

- Percent of former AmeriCorps members reporting that the education trust award was a significant help in paying off college loans
- Percent of former AmeriCorps members who report that the educational trust award was a significant factor in their decision – and their ability – to attend college.

AmeriCorps*State and National

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

Community Impact Surveys

- Ratings by knowledgeable, community representatives of AmeriCorps*State and National members' success in meeting critical community needs.

Outcomes from Recently Completed Studies

AmeriCorps Outcome Study, 1995-1997

- AmeriCorps service provides employment skills to members.
- AmeriCorps builds and strengthens relationships among community nonprofit and service organizations.
- AmeriCorps has a positive benefit/cost ratio.

Annual Accomplishment Surveys 1996-1998

- AmeriCorps*State and National members solve the unmet education, public safety, environmental, and other human needs.

Potential Outcomes in Pending and Planned Program Evaluations

Evaluation of Literacy and Tutoring Activities

- Gains in reading ability bychildren tutored in projects organized or assisted by AmeriCorps*State and National members.

STRATEGIC GOAL ONE (continued)

AmeriCorps*NCCC

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

Annual Accomplishment Survey

- Census of service activities by AmeriCorps*NCCC projects meeting critical community needs.

Community Impact Surveys

- Percent of community representatives with direct and informed knowledge of service activities rating AmeriCorps*NCCC projects as highly successful in meeting critical community needs.

Potential Outcomes in Pending and Planned Program Evaluations

*AmeriCorps*NCCC Community Impact Survey*

- Degree of impact on the quality of life for community members.
- Community members ability to sustain projects, where appropriate, after AmeriCorps*NCCC members depart.

Learn and Serve America

Performance Indicators

Number of K-12 and higher education grants.

Outcome from Recently Completed Studies

Evaluation of the Impact of Learn and Serve America: K-12

- The Learn and Serve America grants studied had a positive post-program impact on the civic attitudes and educational development of participants.
- The grants and subgrantees studied returned significantly more value to the communities than they cost, with a benefit/cost ratio of 4 to 1.
- Students made valuable contributions to the non-profit agencies, schools, and government agencies in which they served.

AmeriCorps*VISTA

Performance Indicators

Number of AmeriCorps*VISTA projects.

Number of VISTA service years completed in projects where the focus of activity is children's literacy.

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

Bi-Annual Accomplishment Surveys 1997 & 1999

- AmeriCorps*VISTA projects are meeting critical community needs in education, public, safety, environmental and other human needs.

Community Impact Surveys

- Rating by knowledgeable, community representatives of AmeriCorps*VISTA projects' success in meeting critical community needs.

National Senior Service Corps (NSSC): Retired and Senior Volunteer Program (RSVP)

Performance Indicators

Number of federally funded RSVP projects.

Number of federally funded RSVP volunteers in service.

Percent of RSVP volunteers serving in outcome-based assignments.

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

Community Impact surveys

- Percent of RSVP's partners, including grantees and station sponsors, reporting that the program manages its activities efficiently and effectively.

Bi-Annual Accomplishment Surveys 1998, 2000, 2002

- Census of service activities by RSVP members meeting priority community needs in education, public safety, environmental and other human needs.
-

National Senior Service Corps (NSSC): Foster Grandparent Program

Performance Indicators

Number of federally funded Foster Grandparent projects.

Number of federally funded Foster Grandparent service years completed.

Number of children with special and exceptional needs served by Foster Grandparents.

Percent of foster Grandparents covered by Volunteer Assignment Plans.

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

Community Impact surveys

- Percent of Foster Grandparent Program's partners, including grantees and station sponsors, reporting that the program manages its activities efficiently and effectively.

Bi-Annual Accomplishment Surveys 1998, 2000, 2002

- Census of service activities by Foster Grandparent members meeting priority community needs in education, public safety, environmental and other human needs.

Outcomes from Recently Completed Studies

Effective Practices for Foster Grandparents in HeadStart Centers

- Behaviors of Foster Grandparents conform to high standards in the child development field. Significant research findings relate these behaviors to positive developmental outcomes for children.
- The presence of Foster Grandparents promotes positive outcomes for children's psychosocial and cognitive development.
- Foster Grandparents are significantly positive assets to the classrooms and HeadStart Centers where they serve.

STRATEGIC GOAL ONE (continued)

National Senior Service Corps (NSSC): Senior Companion Program

Performance Indicators

Number of federally funded Senior Companion projects.

Number of federally funded Senior Companion service years completed.

Number of frail, homebound, usually elderly clients served by Senior Companions.

Percent of Senior Companions covered by Volunteer Assignment Plans.

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

Community Impact Surveys

- Ratings by knowledgeable, community representatives on success of Senior Companions in meeting critical community needs.

Potential Outcomes in Pending and Planned Program Evaluations

Senior Companion Program Quality of Care Evaluation

- Degree to which Senior Companions help clients live independently, while maintaining active involvement with family and community.
- Degree to which Senior Companions ensure that clients receive and eat balanced meals.
- Degree to which Senior Companions reduce caregiver stress.

Accomplishment Surveys 1998, 2000, 2002

- Degree to which Senior Companions meet priority needs of frail, homebound, usually elderly clients.

National Senior Service Corps (NSSC): Senior Demonstration Program

Performance Indicator

Implement and plan the "Challenge to Large Scale Organizations"

Potential Outcomes in Pending and Planned Program Evaluations

Seniors for Schools

- Benefits for students, such as reading skills.
- Benefits for teachers and schools, such as meeting student's needs or raising community awareness of school needs.

Experience Corps for Independent Living Evaluation

- Experience Corps volunteers will deliver significant services to in-home, frail elderly who will benefit greatly from the services.

Innovation, Demonstration, and Assistance Activities

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

National and Community Leadership Opinion Survey

STRATEGIC GOAL ONE (continued)

- Percent of national leaders surveyed reporting that service is a very important tool in solving national problems.

- Percent of civic and community leaders and elected officials including "national service" when asked to identify important sources of community strengthening and effective citizen engagement in their communities.

Community Impact Surveys

- Percent of community representatives with direct and informed knowledge of service activities rating Corporation programs as highly successful in meeting critical community needs.

Evaluation

Performance Indicators

Number of evaluation studies initiated.

Number of evaluation reports completed.

Number of Corporation Grantees (Commissions and State Education Agencies) and State Offices receiving evaluation technical assistance.

STRATEGIC GOAL TWO:
Communities will be made stronger through service.

AmeriCorps*State and National

Performance Indicators

Average percent of expected service time completed by AmeriCorps*State and National members (retention rate).

Average percent of expected service time completed by AmeriCorps*NCCC members (retention rate).

Outcomes from Recently Completed Studies

AmeriCorps Outcome Study, 1995-1997

- AmeriCorps service provides employment skills to members.
- AmeriCorps builds and strengthens relationships among community nonprofit and service organizations.
- AmeriCorps has a positive benefit/cost ratio

Potential Outcomes in Pending and Planned Program Evaluations

*Assessment of the "added Value" Provided by AmeriCorps*State and National Programs*

- Degree to which community representatives report positive perception of benefits from AmeriCorps. May include increases in community collaboration, mobilization of volunteers, and local service capacity.

AmeriCorps*NCCC

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

Annual Accomplishment Survey

- Census of service activities by AmeriCorps*NCCC projects meeting critical community needs.

Potential Outcomes in Pending and Planned Program Evaluations

*AmeriCorps*NCCC Community Impact Survey*

- Degree of impact on the quality of life for community members.
- Community members ability to sustain projects, where appropriate, after AmeriCorps*NCCC members depart.

AmeriCorps*VISTA

Performance Indicators

Number of VISTA service years completed (excluding negotiated cost-share agreements).

Average percent of expected service time completed by AmeriCorps*VISTA members (retention rate).

STRATEGIC GOAL TWO (continued)

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

Bi-Annual Accomplishment Surveys 1997 & 1999

- AmeriCorps*VISTA projects are meeting critical community needs in education, public, safety, environmental and other human needs.

Outcomes from Recently Completed Studies

*Sustainability Study of AmeriCorps*VISTA Supported Projects and Activities 1997*

- 70 percent of services begun by AmeriCorps*VISTA projects were in operation 2-3 years after project conclusion.

National Senior Service Corps (NSSC): Foster Grandparent Program

Outcomes from Recently Completed Studies

Effective Practices for Foster Grandparents in HeadStart Centers

Behaviors of Foster Grandparents conform to high standards in the child development field. Significant research findings relate these behaviors to positive developmental outcomes for children.

- The presence of Foster Grandparents promotes positive outcomes for children's psychosocial and cognitive development.
- Foster Grandparents are significantly positive assets to the classrooms and HeadStart Centers where they serve.

Innovation, Demonstration, and Assistance Activities

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

National and Community Leadership Opinion Survey

- Percent of national leaders surveyed reporting that service is a very important tool in solving national problems.
- Percent of civic and community leaders including "national service" when asked to identify important sources of community strengthening and effective citizen engagement in their communities.

STRATEGIC GOAL THREE (continued)

AmeriCorps*NCCC

Performance Indicators

Number of members enrolled.

Potential Outcomes in Pending and Planned Program Evaluations

Longitudinal Research on National Service Participants

- Improvements in the lives of former AmeriCorps*NCCC members resulting from their service.
- Comparison of former AmeriCorps*NCCC participants with individuals who do not serve on degree of engagements in their communities, including continuing to serve.
- The extent to which the service experience improves the life skills of members, including their ability to work with people of diverse backgrounds
- The percent of former members reporting that the educational trust award was a substantial factor in their decision – and their ability – to pursue post-secondary education.

Learn and Serve America

Performance Indicators

Number of students in projects supported by Learn and Serve America.

Outcome from Recently Completed Studies

Evaluation of the Impact of Learn and Serve America: K-12

- The Learn and Serve America grants studied had a positive post-program impact on the civic attitudes and educational development of participants.
- The grants and subgrantees studied returned significantly more value to the communities than they cost, with a benefit/cost ratio of 4 to 1.
- Students made valuable contributions to the non-profit agencies, schools, and government agencies in which they served.

Evaluation of the Impact Learn and Serve America: Higher Education

- Students in service-learning courses compared to those in similar courses without a service component report larger gains in civic participation (especially intended future involvement in community service) and life skills (interpersonal skills and understanding of diversity).
- Students made valuable contributions to the non-profit agencies, schools, government agencies, and health care facilities in which they served.
- The majority of institutions receiving higher education grants from Learn and Serve America expanded their service opportunities, integrated service into courses and curricula, and enhanced community relations.

AmeriCorps*VISTA

Performance Indicators

Percent of those VISTAs who enroll in the Trust earning Ed Award.

Potential Outcomes in Pending and Planned Evaluations

Longitudinal Research on National Service Participants

- Improvements in the lives of AmeriCorps*VISTA members resulting from their service.

STRATEGIC GOAL THREE:
The lives of those who serve will be improved through their service experience.

National Service Trust

Performance Indicators

Number of AmeriCorps members enrolling in the Trust.

Percent of AmeriCorps members who successfully complete a term of service and become eligible to receive an education award.

Number of high school students receiving Presidential Service Scholarships.

Percent of members who complete the one-year term of service and become eligible to receive the education award.

Outcomes in Pending and Planned Program Evaluations

Longitudinal Research on National Service Participants

- Percent of former AmeriCorps members reporting that the education trust award was a significant help in paying off college loans
- Percent of former AmeriCorps members who report that the educational trust award was a significant factor in their decision – and their ability – to attend college.

AmeriCorps*State and National

Outcomes from Recently Completed Studies

AmeriCorps Outcome Study, 1995-1997

- AmeriCorps service provides employment skills to members.
- AmeriCorps builds and strengthens relationships among community nonprofit and service organizations.
- AmeriCorps has a positive benefit/cost ratio

Potential Outcomes in Pending and Planned Program Evaluations

Longitudinal Research on National service Participants

- Improvements in the lives of AmeriCorps*State and National program members resulting from their service.
- Comparison of individuals who do not serve, with former AmeriCorps*State and National participants on degree of engagement in their communities, including continuing to serve.
- Improvements in life skills of members, including their ability to work with people of diverse backgrounds, resulting from service.
- Percent of former members who receive the Education Award reporting it was a substantial factor in their ability to reduce the burden of debt owed to educational institutions.

STRATEGIC GOAL THREE (continued)

- Comparison of individuals who do not serve with former AmeriCorps*VISTA participants on degree of engagement in their communities, including continuing to serve.
- The extent to which the service experience improves the life skills of members, including their ability to work with people of diverse backgrounds.
- The percent of former AmeriCorps*VISTA members who receive the education award reporting that it was a substantial factor in their decision – and their ability – to go to college.
- The percent of former AmeriCorps*VISTA members who receive the Education Award reporting that it was a substantial factor in their ability to reduce the burden of debt owed to educational institutions.

Innovation, Demonstration, and Assistance Activities

Performance Indicators

Number of applicants to AmeriCorps.

Program Administration

Performance Indicators

Operating status of on-line, imaging access to AmeriCorps member records.

STRATEGIC GOAL FOUR:
Service will become a common expectation and experience of Americans as an integral part of civic responsibility.

National Service Trust

Performance Indicators

Number of high school students receiving Presidential Service Scholarships.

AmeriCorps*NCCC

Potential Outcomes in Pending and Planned Program Evaluations

Longitudinal Research on National Service Participants

- Improvements in the lives of former AmeriCorps*NCCC members resulting from their service.
- Comparison of former AmeriCorps*NCCC particpants with individuals who do not serve on degree of engagements in their communities, including continuing to serve.
- The extent to which the service experience improves the life skills of members; including their ability to work with people of diverse backgrounds
- The percent of former members reporting that the educational trust award was a substantial factor in their decision – and their ability – to pursue post-secondary education.

Learn and Serve America

Performance Indicators

Number of Leader Schools selected.

Innovation, Demonstration, and Assistance Activities

Performance Indicators

Number of applicants to AmeriCorps.

Number of Leader Schools selected.

Number of colleges and universities participating in America Reads.

Number of Promise Fellowships awarded.

STRATEGIC GOAL FIVE:
The Corporation will develop and maintain sound organizational systems and effective partnerships with the wider national service network.

AmeriCorps*State and National

Pending and Planned Program Evaluation studies to Set Baselines for Additional Performance Indicators

Customer Satisfaction Surveys

- The percentage of AmeriCorps*State and National partners, including grantees, sub-grantees, and host organizations reporting that program manages its activities efficiently and effectively.

AmeriCorps*NCCC

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

Customer Satisfaction Surveys

- Percentage of AmeriCorps*NCCC's partners, including host organizations and community sponsors, reporting that the program manages its activities efficiently and effectively.

Evaluation

Performance Indicators

Identify additional outcome indicators for performance measurement system.

Number of State Commissions reviewed for compliance with the national state commission administrative standards

Learn and Serve America

Pending and Planned Program Evaluation studies to Set Baselines for Additional Performance Indicators

Customer Satisfaction Surveys

- Percent of Learn and Serve America's partners, including grantees and state education agencies, reporting that the program manages its activities efficiently and effectively.

AmeriCorps*VISTA

Performance Indicators

Number of VISTA service years supported by cost-share agreements.

Number of community volunteers recruited for each VISTA service year achieved.

STRATEGIC GOAL FIVE (continued)

Pending and Planned Program Evaluation Studies to Set Baselines

Customer Satisfaction Surveys

- Percent of AmeriCorps*VISTA's partners, including project sponsors and grantees, reporting that the program manages its activities efficiently and effectively.

National Senior Service Corps (NSSC): Retired and Senior Volunteer Program

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

Customer Satisfaction Surveys

- Percent of RSVP's partners, including grantees and station sponsors, reporting that the program manages its activities efficiently and effectively.

National Senior Service Corps (NSSC): Foster Grandparent Program

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

Customer Satisfaction Surveys

- Percent of Foster Grandparent Program's partners, including grantees and station sponsors, reporting that the program manages its activities efficiently and effectively.

National Senior Service Corps (NSSC): Senior Companion Program

Pending and Planned Program Evaluation Studies to Set Baselines for Additional Performance Indicators

Customer Satisfaction Surveys

- Percent of Senior Companion Program's partners, including grantees and station sponsors, reporting that the program manages its activities efficiently and effectively.

Evaluation

Performance Indicators

Number of evaluation studies initiated.

Number of evaluation reports completed.

Number of Corporation Grantees (Commissions and State Education Agencies) and State Offices receiving evaluation technical assistance.

STRATEGIC GOAL FIVE (continued)

Program Administration

Performance Indicators

Audit opinion for fiscal year financial statements.

Reduction in the number of material weaknesses identified in the financial statement audit (Baseline drawn from financial statement reports: eight material weaknesses reported)

Operating status of a single, grants management program that provides stewardship over federal funds in a cost-effective manner.

Operating status of a new financial management system ("Momentum").

Y2K status of mission-critical systems.

THURSDAY, MARCH 30, 2000.

NATIONAL MEDIATION BOARD

WITNESSES

ERNEST W. DUBESTER, CHAIRMAN
STEPHEN E. CRABLE, CHIEF OF STAFF
JUNE D.W. KING, CHIEF FINANCIAL OFFICER

Mr. PORTER. The Subcommittee will come to order.

We continue our hearing on the fiscal year 2001 appropriations with the National Mediation Board. We're pleased to welcome Ernest W. DuBester, Chairman of the Board.

And before you give your statement, Mr. Chairman, I'm advised by my staff that your budget justification was very, very late in arriving, in fact arrived only last week. And we need to have the budget justification in time so that we can review the materials and prepare for the hearings. And I would ask that you give your personal attention to ensuring that that comes to the Subcommittee in a timely fashion next year and this problem is not repeated.

Please proceed with your statement.

Mr. DUBESTER. Good afternoon, Mr. Chairman. Let me just say I will give that my personal attention and I apologize to you and the Subcommittee for the delay in the statement's arrival. And any time that you need from me in terms of sorting through information or asking questions subsequent to the Subcommittee's hearing today, I'm obviously willing to provide to expedite your work and that of your staff.

INTRODUCTION OF WITNESSES

Accompanying me today to my left is Stephen Crable, our Chief of Staff. And to my right is June King, our Chief Financial Officer.

SUMMARY STATEMENT

I've submitted a brief summary statement which I respectfully ask be incorporated into the record. I also would ask that while we formally transmitted to you, Mr. Chairman, a copy of our annual performance report, if I could, when we're concluded here, if I could personally hand you a copy, I'd appreciate that opportunity.

Mr. Chairman, as you know, we're a small agency. But I believe we have a large mission, namely to assist in the constructive resolution of a variety of labor management disputes in the airline and railroad industries. Beyond the importance of the work that we do, I think it is often misunderstood by many the extent of our responsibilities and the volume of our work. For example, high profile matters such as the resolution of the collective bargaining dispute involving U.S. Airways and the flight attendants, in which the

Board played a role and I personally played a role, are quite visible and well understood by the general public.

But in fact, on a daily basis, we're handling responsibilities that involve several hundred carriers in the airline and railroad industries that involve almost a million employees. And many of those carriers are not as well known, and you don't think about them on a day to day basis.

But I would say to you, Mr. Chairman, that notwithstanding that fact, over the last few years, we've made a concerted effort, responding to a large extent to the message that we've heard from you and this Subcommittee, to try to do more with less. And toward that objective, I would just refer you in our budget submission on pages two to three, that if you just look at the appropriation for the years between 1994 and 1999, that six year period, you will see that at the end of that period, we were still receiving an appropriation after six years that was lower than that we had received in 1994.

And again throughout that period, we made an effort to improve our productivity, our efficiency and the quality of the services that we provided to all the parties in the airline and railroad industries.

Now I would submit to you, Mr. Chairman, that in a sense we are the victims of our success. Because our intense efforts over the past several years, which include revamping our work force, a major reorganization that you were helpful in seeing us through, the upgrading of our services, the increase in the number of programs that we offer, have been very well received by the customers we serve in the airline and railroad industries. And I believe that you should have heard that or will be hearing that in the near future.

But it has also led to a dramatic increase in the demand for our services. For example, in the last fiscal year, we closed 180 cases which is more than 200 percent above the number of cases that we closed for the five year average between 1994 and 1998.

STAFFING

And we achieved this result, I would emphasize, by maintaining the pursuit of doing more with less. Because in one very meaningful respect, throughout this entire period, we have been very understaffed. Currently as I sit before you today, we are more than 15 percent below the ceiling that we are authorized to have in terms of the number of employees, or full time equivalents, as you understand.

And I would suggest that to maintain the current level of services for our projected caseload in the mediation area, the agency is going to require additional mediators. And I would point out that this is projected within this budget request.

ALTERNATIVE DISPUTE RESOLUTION

Another reason for the increased demand for our services involves an initiative that we launched in 1997, which we call the Dispute Resolution Initiative. And its purpose essentially is to assist representatives in the airline and railroad industries to learn and apply more constructive and less confrontational methods for resolving disputes.

And I will tell you as part of that initiative, Mr. Chairman, it involves our agency and our staff providing training and education to the parties, both in new techniques to improve the quality of collective bargaining, to provide alternative ways, as I said, that are more constructive and less confrontational, that can bring us to both quicker and more positive resolution of some of the disputes that we face.

PUBLIC-PRIVATE PARTNERSHIP

Toward that end, one initiative that we've launched this year that we're kind of excited about, which among other things provides an opportunity, we believe, for a unique public-private partnership, which can maintain and complement the quality of services we've been providing and perhaps defray meaningfully the extent to which our resources are needed to provide that endeavor.

And that involves an initiative with one of our local universities, the George Mason University, where we worked out an opportunity where we hope to create an interdisciplinary center at the law school at George Mason, along with one of their institutes, which is the Institute for Conflict Analysis and Resolution, which is one of the original such institutes for conflict resolution in this country.

And we're very excited about the opportunity there. As I indicated, we hope that it can provide both a supplement and a complement to our ability to provide the training to the airline and railroad customers that we're currently providing, as well as to assist in our professional development program for our mediators.

And the startup costs for that initiative are also part of the budget request for this next fiscal year.

SECTION 3 ACTIVITIES

Finally, I would just mention that in our appropriation for fiscal year 2000, Congress included an increase of $500,000 over the request for the purpose of reducing section 3 case backlogs by improving the availability of arbitrators through increased arbitrator compensation. And we provided to the Subcommittee, Mr. Chairman, a brief report on the results, which are limited in terms of time as to the impact of that supplemental appropriation.

ARBITRATORS' SALARIES

I would just point out briefly that it involves an effort in a vital part of our statutory mission, by which we have statutorily the obligation to pay for arbitration proceedings in the railroad industry, whereby we can increase the daily rate to the arbitrators that we use for that business to the level of $300. And I would just say, it would be the first time that they've had an increase since 1982. So it's been almost 20 years.

And number two, I would point out that in the rest of the private sector, the average rate that most of these neutrals receive is about $600. And obviously we have what I would call a competitive disadvantage in terms of attracting and retaining quality neutrals to perform this service. But we think that this increase, at least, will go a long way and has already shown evidence of going construc-

tively towards the ability to both resolve our grievance arbitrations more efficiently and hopefully reduce the number.

ARBITRATION PILOT PROJECTS

In addition, we have a number of pilot projects that we've initiated with the cooperation, again, of the parties that we work with in the railroad industry. And we hold out great hope that they also can improve both the efficiency with which they are resolved, but also long term reduce the number of cases that contribute to our backlog.

And so we have a non-traditional pilot project that we had with one of the class one railroads, the Norfolk Southern, and one of the organizations on their property, the Brotherhood of Locomotive Engineers, that had very good results. There's been a major initiative agreed to this year involving all four class one railroads, and another organization, United Transportation Union, which both represents the largest number of employees in the railroad industry, but also is the largest user of the section 3 process.

And this is a commitment to the grievance mediation project, which again we think holds a lot of potential for both improving the efficiency of the handling of these kinds of disputes as well as reducing the number long term.

So I've submitted that report. I'm happy to answer any questions that the Subcommittee has about any area, of course.

I just want to add, since it was mentioned earlier, and of course it's a public announcement, that as one who has spent more than 50 percent of his life in Government service, which is about 15 years, and I know you've announced you're anticipating the end of 20 years of service here in the Congress, that I appreciate that public service. I appreciate the role that the Subcommittee has played both in considering and understanding our mission. And, I wish you well in the future.

[The prepared statement of Mr. DuBester follows:]



OPENING STATEMENT
NATIONAL MEDIATION BOARD
HOUSE OF REPRESENTATIVES

OFFICE OF THE CHAIRMAN

Good afternoon Mr. Chairman and Members of the Subcommittee. I am pleased to be here with you today. I am accompanied by Mr. Stephen Crable, Chief of Staff and Mrs. June D. W. King, Chief Financial Officer. My statement briefly describes the National Mediation Board's (NMB) mission and objectives for the FY 2001 budget request.

The NMB was established in 1926 by the Railway Labor Act (RLA) which provided for mandatory mediation and voluntary arbitration in contract negotiations, as well as for Presidential Emergency Boards, to enhance dispute resolution. In 1934 the Act was amended to establish the current three-member National Mediation Board and to authorize the resolution of employee representation disputes by the NMB. In 1936, the RLA's jurisdiction was expanded to include the airline industry. The Act's most recent substantive amendment in 1981 permitted the creation of specialized Presidential Emergency Boards for disputes at certain commuter railroads.

The President's FY 2001 budget request of $10.4 million is driven by four primary considerations: increased mediator staffing; projected increased demand during FY 2001 for the Board's mediation and alternative dispute resolution ("ADR") services; new dispute resolution initiatives being undertaken by the Board; and, a moderate increase for Section 3 railroad arbitrators.

Staffing. The Board is operating with fewer employees than its authorized level of 52 full-time equivalent positions (FTEs). Funding provided by the FY 2000 appropriation will bring the agency to 48 FTEs and the budget request for FY 2001 will bring the agency to 52 FTEs, its full employee complement. This gradual increase is based on the anticipated time lag in the competitive recruitment process for experienced mediators. The completion of this process will enable the Board to achieve the other requirements within this request.

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Increased Demand for Services. As compared with FY 1999, the Board projects a 5 percent increase in new cases during FY 2000 and an additional 14 percent increase during FY 2001. This projection is consistent with the trend toward the parties' increased use of the Board's dispute resolution services. The trend began in FY 1998 and continued in FY 1999. The number of new cases docketed during FY 1999 (116) exceeded the 1994-1998 average by 22 percent and exceeded the agency's initial estimate of 100 new cases for FY 1999 by 16 percent. The agency believes its projection of 130 new cases being filed during FY 2001 is a conservative estimate. The full funding request is critical if the Board is to sustain the improvements in mediation services which have occurred since the Board's reorganization in 1997.

New Initiatives. As reflected by the tables in the attached submission, the demand for services provided by the Board's Alternative Dispute Resolution initiative is encouraging, growing from virtually no cases in 1997 to over 45 cases in FY 1999. There is clearly a desire among the labor management community to improve its collective bargaining processes so that agreements can be achieved more quickly and with less conflict.

While some of the Board's ADR services necessarily must be provided by Board employees, some of the services, particularly training services, are susceptible to a unique public/private partnership. To that end, the Board is working to establish a "virtual institute" which would bring together unions, carriers, mediators, and members of the academic community. This institute would provide for education, training and a constructive dialogue among these parties. This budget request provides funding for the setup costs associated with developing and testing the curriculum that will be used by the instructors. This endeavor will also become an integral part of the Board's mediator development program.

The Board has developed a cooperative working relationship with a local academic institution with an established reputation for studying and teaching dispute resolution skills - - The George Mason University in Northern Virginia. The Board will commit one full-time

employee to this relationship with the goal of developing a training capacity in the private sector which will accommodate a portion of the growing need for dispute resolution training. The agency anticipates that this private sector, not-for-profit training capacity would be available to the labor management parties on a fee for service basis. The Board's participation will help ensure that the curriculum content and the instructor quality being provided will improve the dispute resolution climate in the airline and railroad industries.

Railroad Arbitration. The Board is undertaking an extensive review of the current arbitration process. The review is intended to provide options and solutions to decrease the backlog of pending cases. The Board has established a series of pilot programs which provide an alternative to the traditional way arbitrators hear and bill for cases. These pilot programs are designed to expedite the resolution of more cases. The Board received an increase in its FY 2000 appropriation which allowed an increase in the rate of pay for the arbitrators from $220 per day to $300 per day. Before this increase, the railroad arbitrators had not received an increase since 1982. Many private arbitrators are paid more than $600 daily. Finally, the Board has completed a pilot agreement with the United Transportation Union (UTU) and Union Pacific, CSX, Norfolk Southern and Burlington Northern Sante Fe Railroads to assess and utilize, as appropriate, grievance mediation for each new Public Law Board created by the UTU. The important purpose of this pilot agreement is to reduce the number of grievances arbitrated under Section 3 of the Act and to expedite the overall resolution of grievances in the railroad industry. Last year, UTU and the above carriers arbitrated more than 1500 grievances. The UTU grievance mediation project has the potential to substantially reduce the costs and delays currently prevalent in the railroad grievance resolution process.

I wish to thank this Subcommittee for its support of the National Mediation Board in its important work. We will be glad to respond to any questions.

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NATIONAL MEDIATION BOARD

Biographical Sketch

NAME	:	Ernest W. DuBester
POSITION	:	Chairman of the Board
BIRTHPLACE	:	Passaic, New Jersey
EDUCATION	:	Boston College, B.A. (Honors Graduate) Catholic University Law School, J.D. Georgetown University Law Center, LL.M. (Labor Law)
EXPERIENCE		
1993- present	:	Chairman and Member, National Mediation Board
1984 - 1993	:	Legislative Counsel, AFL-CIO. Responsibilities included airline and railroad issues, particularly those involving labor relations matters. Involved in most of the airline and railroad disputes that came before Congress in recent years.
1981 - 1984	:	Private Practice, Washington, D.C. law firm of Highsaw and Mahoney - specialized in matters arising under the Railway Labor Act. While in private practice, involved in several airline and railroad bankruptcy proceedings.
1975 - 1981	:	Served as counsel to the National Labor Relations Board, for most of that period as counsel to Chairman John Fanning. The NLRB administers the National Labor Relations Act, which governs labor-management relations in all industries other than the airline and railroads.
SPECIAL EXPERIENCES		
1997 - Present	:	Adjunct faculty member, Catholic University School of Law.
	:	Chaired the 1994 International Labor Organization's Tripartite Conference on the "Consequences for Management and Personnel of the Restructuring of Railways" held in Geneva, Switzerland. Representatives of labor, management and the governments of fifteen countries were represented.

NATIONAL MEDIATION BOARD

Biographical Sketch

NAME	:	Stephen E. Crable
POSITION	:	Chief of Staff
BIRTHPLACE	:	Columbus, OH
EDUCATION	:	Miami University, B.A., Magna Cum Laude (1971) Washington University, School of Law, Juris Doctor (1974)
EXPERIENCE		
1995 - present	:	Chief of Staff National Mediation Board
1988 -1995	:	Impartial Arbitrator and Mediator
1990 - 1995	:	President Environmental Common Sense, environmental mediation group
1989 - 1990	:	Special Master Anne Arundel County Circuit Court
1978 - 1987	:	Director of Collective Bargaining Association of Flight Attendants
1977 - 1978	:	Adjunct Professor of Clinical Law Chicago Kent College of Law
1974 - 1977	:	Attorney Jacobs, Burns, Sugarman & Orlove
HONORS AND AWARDS		
1970	:	Elected to Phi Beta Kappa
1973	:	Full Academic Scholarship, Law Quarterly
1994	:	Elected Member of the National Academy of Arbitrators

NATIONAL MEDIATION BOARD

Biographical Sketch

NAME	:	Jurie D.W. King
POSITION	:	Chief Financial Officer/Chief Information Officer
BIRTHPLACE	:	Washington, DC
EDUCATION	:	University of the District of Columbia, B.A.
EXPERIENCE		
1995 - present	:	Chief Financial Officer/Chief Information Officer National Mediation Board
1994 - 1994	:	Acting Director of White House Administration Executive Office of President White House Office
1990 -1995	:	Budget Analyst Executive Office of President Office of Administration
1986 - 1990	:	Operating Accountant Secretary of Defense Washington Headquarters Services
1979 - 1986	:	Accounting Technician Department of the Air Force
HONORS AND AWARDS		
1996 - 1999	:	Outstanding Performance, National Mediation Board
1995	:	Special Recognition Award, National Drug Control Policy
1994	:	Outstanding Performance, White House Office

Mr. PORTER. Thank you very much for saying that.

I was looking at the appropriations over the last five or six years as opposed to the President's requests to the Congress. And we have either come very, very close in two of the six years to the President's request. In three others we exceeded it very substantially. And in only one have I noticed that were substantially under the President's budget request.

One is, well, first, let me say that you have a very important role and we know you need resources to do your job well, and our job is to get you the resources that you need, so that you can avoid the kinds of conflicts that shut down portions of our transportation industry, and obviously cause great disruption to commerce and cost the Nation, as well as individuals, a great deal of resources and time.

But you're telling me you're doing such a good job with less, I'm inclined to say maybe we ought to keep it less and keep you doing the good job.

Let me ask a question about commuter rail. It seems like every five or six years, we have a major confrontation that affects commuter rails that the Congress eventually ends with legislation. Are we likely to have that any time soon, or have we passed that by already?

Mr. DUBESTER. Well, we constantly have, given the number of commuter rail properties that exist, mostly in the northeast corridor, but one near your home, Metra, and for a variety of reasons I will just say to you that Metra has been able to deal with their business, if you will, in a fairly distinctive way. And in fact, I don't think it's inappropriate to say that we actually have them visiting our offices tomorrow to share their experiences with our staff and with the board.

But I would say, Mr. Chairman, while I'm aware of the matters that you refer to, that I would say during my time on the board, which is now going on seven years, and I'm pleased with respect to the role that the Congress plays in these matters of public interest and involving interstate commerce, that these matters have not come before Congress during that time. And they've been resolved through what I would call the statutory processes and the processes of collective bargaining, almost always with our mediatory assistance.

So I'm hopeful that that record will continue. And while I know that there are a number of unresolved disputes involving again, mostly the commuter rail properties in the northeast corridor, I don't have any reason to believe that they're going to require turning to you for assistance, if you will, or imposition of any kind of solutions.

Mr. PORTER. What was the last time Congress had to intervene? It was some time ago, you're telling me. Over seven years, you're saying.

Mr. DUBESTER. Well, I would say over seven years, and I'd be guessing with preciseness, even though I can remember some of the disputes in the 1980s more, where I think Congress had to involve themselves, one involving the Long Island Railroad, I recall. There may have been another one. I can remember one involving either Metro North or New Jersey Transit.

The Long Island Railroad is one that comes to my mind, and that was in the 1980s.

Mr. PORTER. Time flies when you're having fun.

Mr. DUBESTER. Exactly right. [Laughter.]

Mr. PORTER. How much of your increase, your increase is what, $850,000? Does that sound right, in round figures?

Mr. DUBESTER. In round figures, I'd say a little less than that, but in round figures, yes, sir.

Mr. PORTER. How much of that would go to this George Mason University initiative? That's a new initiative.

Mr. DUBESTER. Yes, sir, Mr. Chairman. It's $180,000.

Mr. PORTER. And are there other participating entities besides the board and the University?

Mr. DUBESTER. Well, what we anticipate is, and this is where we will get the complement to our recurrent training and education services, we are in the throes of establishing a steering committee which I think will rotate probably on an annual basis. And the steering committee will probably consist, again, of representatives of some of the major airlines and major railroads and their employee representatives.

That is why again I characterize this initiative as one that holds the potential for a unique public-private partnership. Because we're hopeful that a lot of the resources that we currently need to think about or allocate for these educational and training purposes will be borne by the parties themselves with our assistance and cooperation.

But the actual initiative itself, other than what I just said, is basically an effort to create, as I said, an interdisciplinary center at the University with our involvement.

Mr. PORTER. A final question, pertaining to case closure rates. You've stated, the investment made by the Board over the past several years in recruiting new mediators and upgrading the skills of existing mediators likewise paid dividends during the fiscal year through a dramatic increase in case closures. And you've described that. The statistics provided indicated 76 percent reduction of cases closed in fiscal year 1999, and in your closure forecast rate for fiscal year 2000 and 2001, you indicate you cannot sustain the rate that was achieved in fiscal year 1999.

Why was the rate higher in fiscal year 1999 and why can't you maintain that kind of rate in the ensuing years?

Mr. DUBESTER. Well, we believe that the rate was higher in 1999 for a couple of reasons. Generally just the positive response to our constant attempts to persuade the parties to pursue more constructive ways of resolving their disagreements, if you will, and then providing meaningful assistance.

But in particular, the one distinctive feature involves our dispute resolution initiative. In fact, I have a brochure on that which I'll provide for you, Mr. Chairman, when I give you our annual performance report. And that involves now a number of matters, a number of cases that we never had before. We launched that in 1997.

So fiscal year 1999 was really the first time when we saw a large number of matters before us involving training and education of the parties in a variety of major disputes to help them provide al-

ternative ways of resolving disputes that minimize if not eliminate the potential for confrontation.

For example, and this is not even reflected in fiscal year 1999, we recently assisted in an agreement being reached between Continental Airlines and the flight attendants. They agreed with our assistance to use what I'll call a non-traditional alternative dispute resolution process for reaching their agreement. And it's certainly again indicative of a growing trend and response.

The reason why I say that we cannot maintain that is, with all due appreciation to the comment you made about wanting us to keep doing more with less, is we are understaffed. We are probably six to eight below staff with our mediators. I would say while they're all dedicated, hard working people, that if we don't give them some relief in terms of spreading out the work that they are currently performing, we're going to lose a lot of the talent that we currently have. And I think that would really be unfortunate.

Mr. PORTER. Do we assume correctly, Mr. DuBester, that the figure you're requesting is the figure that was submitted to OMB by you?

Mr. DUBESTER. Yes.

Mr. PORTER. So that if you got an appropriation of this magnitude that would solve the problem of having too little to work with?

Mr. DUBESTER. Yes, it is, Mr. Chairman. And we would be committed to making it work with that, of course.

Mr. PORTER. All right. Thank you very much for your testimony. I'm sorry, again, to have to cut the hearing short.

We're going to do our best. As I said earlier, you perform a very important function in our society. You're very correct that people only hear about what you do when something goes awry and breaks out into a dispute that gets out of control. That's I think unfortunate, that people don't understand that. We do. And we're going to do our best to provide the resources you need.

Mr. DUBESTER. We appreciate that very much, Mr. Chairman.

Mr. PORTER. Thank you very much.

The Subcommittee will stand in recess until 10:00 a.m. Tuesday next.

[The following questions were submitted to be answered for the record:]

NATIONAL MEDIATION BOARD
APPROPRIATION REQUEST QUESTIONS

Mr. Porter: You are requesting almost a 9% increase in appropriations for fiscal year 2001.

What is the justification for this size of an increase this year?

Mr. DuBester: In addition to fully funding the personnel compensation of the NMB's current career staff along with the inflationary costs necessary to maintain the agency's current service levels, our budget request of $10.4 million is driven by several considerations. These include: increased staffing, particularly mediator staffing; projected increased demand during FY 2001 for our mediation and alternative dispute resolution (ADR) services; new dispute resolution initiatives being undertaken by the Board, particularly the initial start-up costs for the ADR partnership with the George Mason University; and, a moderate increase for Section 3 railroad arbitration.

Mr. Porter: In the fiscal year 2000 budget, you requested $9.1 million, hire four additional employees bringing your total FTE to 52. However, according to your budget request for this year, you only have 48 FTE's and again are asking for 4 additional FTE's to bring your total to 52.

Since Congress appropriated your full request last year, plus an additional $500;000 on top of that, I am having difficulty understanding why it appears you did not hire more staff with the funds we gave you last year. How are you spending these extra funds?

What is your current FTE level?

With a dramatic closure rate for Mediation and Alternative Resolution Services, how can you justify an additional four FTE's?

Mr. DuBester: When the FY 2000 budget was prepared, the NMB estimated for full funding of 52 FTE's, the authorized ceiling. While the Board did hire several employees last FY, it also lost several employees because of death, retirement, and transfer to other employment. It is noteworthy in this respect that at last month's budget hearing, the Board had 44 FTEs. Since then, we have hired two mediators so we currently have 46 FTEs, six below our authorized ceiling.

Our experience has shown that the process to recruit, hire and train qualified mediators is laborious. As the Board expands the quality and quantity of its services, the need to have the best staff continues to be a high priority. The dramatic closure rate for mediation and ADR services is attributable, in large part, to increased productivity from our existing mediator staff who have been trained in all aspects of ADR approaches to collective bargaining, as well as the influx of some new mediators. As indicated, however, the NMB remains understaffed. While the current staff is meeting and exceeding our expectations, it is our view that, if we are unable to provide the staff with some relief, we will begin to lose this highly talented staff.

The current staffing plan for gradually hiring mediators gives us the opportunity to review and reorganize the work and the completion of this process will enable the Board to achieve the other requirements within our budget request.

Finally, it should be noted that, last FY, the Board absorbed costs that were not anticipated when the FY 2000 budget was prepared. For example, the increased cost of living raise for the agency was not originally included in the funding. In addition, the Board is absorbing an increase in its rent payments to GSA. These costs have traditionally increased at a rate of three percent a year. During FY 2000, however, it was raised to six percent because of the GSA's new pricing system. This cost increase was not known until after the budget was submitted.

Mr. Porter: In fiscal year 2000, an increase of $500,000 over the requested appropriation was granted. These funds were designed to reduce section 3 case backlogs by improving the availabilities of arbitrators.

What is the status of the section 3 case backlog?

Do you predict that the total funds set aside for this backlog will be exhausted in fiscal year 2000?

How many cases do you expect to close by the end of the fiscal year?

To what do you attribute the success in case closings, specifically?

Mr. DuBester Although the NMB has only had several months to use the additional funds, the statistics are encouraging. As indicated in our report to you, dated March 16, 2000, there has been a significant increase in case and arbitration board closures comparing similar periods during this fiscal year and the previous fiscal year. Thus, during the first five months of FY 2000, approximately 2,627 cases were closed whereas only 1955

cases were closed during the first five months of FY 1999. This constitutes an increase of 34% in the total number of cases closed.

Similarly, during the first five months of FY 2000, 101 Public Law Boards (PLBs) and System Boards of Adjustment (SBAs) were closed whereas only 30 such boards were closed during the first five months of FY 1999. This constitutes an increase of 236% in the total number of boards closed.

Case and board closures might have been even greater if section 3 activities were not reduced during the first quarter because of a series of continuing resolutions. Notwithstanding this first quarter reduction in section 3 activities, we are projecting that 6,300 cases will close by the end of the fiscal year and, toward that objective, the NMB will exhaust the total funds set aside to reduce Section 3 case backlogs.

The NMB attributes the success in case closings to several factors. First, by increasing the railroad arbitrators' per diem for the first time since 1982, railroad arbitration work becomes more competitively priced compared to the average rate in the non-railroad sector. It is the Board's view that such an increase will result in greater productivity because arbitrators can afford to devote more time to rail work without suffering a comparative loss of income.

In addition, last fall, the NMB began an intensive audit of its entire section 3 system which has resulted in a dramatic increase in case and arbitration board closings.

Finally, the NMB has begun a rigorous review of arbitrator productivity. This has entailed meeting with a representative group of highly regarded arbitrators to identify areas for increasing productivity by reducing the time period for rendering decisions generally, and, an even shorter period for special cases such as discharge cases. In particular, the NMB began, in December, 1999, a very vigorous enforcement of the "six month rule" which identifies arbitrators who have heard cases more than six months ago and have not rendered a decision. Such arbitrators are not allocated additional time to hear "new" cases and they are now being identified on a monthly basis.

Mr. Porter: Pertaining to case closure rates, you have stated: "The investment made by the Board over the past several years in recruiting new mediators likewise, paid dividends during the fiscal year through a dramatic increase in case closures."

The statistics provided indicate a 67% increase of cases closed in FY 1999. In your closure-forecast rate for FY 2000 and FY 2001, you indicate that you cannot sustain the rate that was achieved in FY 1999.

Why is there a significant increase in this closure rate in FY 1999?

Why can't you maintain the closure rate of fiscal year 1999 in the future?

Mr. DuBester: As indicated, the significant increase in the case closure rate in FY 1999 is attributable, in large part, to an increase in productivity from our Mediator staff.

Also significant, in our view, is that the parties have increased use of the NMB's dispute resolution services as a result of Board improvements in the quantity and quality of its mediation services, many which have occurred since the Board's reorganization in 1997. Based on that trend which began in FY 1998 and continued in FY 1999, the Board projects increases in new cases during FY 2000 and FY 2001.

More specifically, the increased use of the NMB's services is responsive to the Board's 1997 Alternative Dispute Resolution initiative. This has produced a new category of cases by which the Board provides training and facilitation in all aspects of ADR approaches to collective bargaining. This area has grown from virtually no cases in 1997 to over 45 cases in FY 1999. Positively, it reflects a desire among the labor management community to improve its collective bargaining processes so that agreement can be achieved more quickly and with less conflict.

As indicated above, the closure rate of FY 1999 was achieved while seriously understaffed. In the Board's view, the mediators' productivity cannot be sustained, at least not without losing some current talent, if we cannot afford some relief in their workload by hiring additional mediators within our authorized ceiling.

Mr. Porter: The Board has initiated a relationship with George Mason University to develop a curriculum for training in the private sector that will address dispute resolution training.

How much is requested in Fiscal Year 2001?

Which private sector entities would be participating in the endeavor?

Mr. DuBester: The Board is requesting $180,000 for the start-up costs of a partnership with George Mason University to develop a training program for

alternative dispute resolution techniques for the airline and railroad industries. These funds will be used to develop and test the curriculum that will be used by the University. The Board is committed to using one full-time employee to aid in this endeavor.

While this initiative involves the Board and George Mason University, the Board expects that representatives of the airlines and railroads and their employee representatives will serve on a Steering Committee that will have significant policy responsibilities. It affords an opportunity for a unique public/private partnership, under which many of the costs now being assumed by the NMB (for training and the like) will be shared or assumed by the airline and railroad industry representatives.

NATIONAL MEDIATION BOARD

FISCAL YEAR 2001
CONGRESSIONAL SUBMISSION

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APPROPRIATION LANGUAGE

National Mediation Board

Salaries and Expenses

For expenses necessary to carry out the provisions of the Railway Labor Act, as amended, (45 U.S.C. 151-188), including emergency boards appointed by the President, [$9,600,000 *Provided,* That unobligated balances at the end of fiscal year 2000 not needed for emergency boards shall remain available for other statutory purposes through September 30, 2001] *$10,400,000. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2000 as enacted by section 1000(a)(4) of the Consolidated Appropriations Act, 2000 (P.L. 106-113).)*

SALARIES AND EXPENSES
Appropriation History

Year	Budget Estimate to Congress $	House Allowance $	Senate Allowance $	Appropriation $
1980	4,444,000	4,444,000	4,444,000	4,444,000
1981	4,780,000	4,780,000	4,780,000	4,780,000
1982	4,956,000	4,956,000	4,956,000	4,757,760
1983	4,274,000	5,468,000	5,468,000	5,468,000
1984	5,758,000	6,238,000	6,458,000	6,238,000
1985	6,358,000	6,358,000	6,358,000	6,358,000
1986	6,347,000	6,358,000	6,432,000	6,358,000 1/
1987	6,540,000	6,401,000	6,540,000	6,401,000
1988	4,873,000	7,316,000	7,316,000	7,004,000 2/
1989	6,551,000	6,551,000	6,551,000	6,551,000 3/
1990	6,384,000	6,384,000	6,384,000	6,384,000
1991	6,675,000	6,675,000	6,675,000	6,675,000 4/
1992	7,008,000	6,775,000	6,775,000	6,775,000
1993	7,950,000	7,870,000	7,870,000	7,807,000 5/
1994	8,006,000	8,506,000	8,807,000	8,657,000

Appropriation History Cont.

Year	Budget Estimate to Congress $	House Allowance $	Senate Allowance $	Appro-priation $
1995	8,155,000	8,119,000	8,519,000	8,519,000 6/
1996	8,933,000	8,000,000	7,837,000	7,812,000 7/
1997	8,300,000	7,656,000	8,300,000	8,284,000 8/
1998	8,100,000	8,400,000	8,600,000	8,600,000
1999	8,400,000	8,400,000	8,400,000	8,392,000 9/
2000	9,100,000	8,400,000	9,100,000	9,562,000 10/
2001	10,400,000			

1/ Reduced by $273,000 pursuant to PL. 99-177.
2/ Includes $100,000 unavailable for obligation pursuant to section 512 of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1988.
3/ Includes reduction pursuant to PL. 100-436, $79,000.
4/ Includes reduction pursuant to PL. 101-517, $161,000.
5/ Includes reduction pursuant to PL. 102-394, $63,000.
6/ Includes reduction pursuant to PL. 104-19, $20,000.
7/ Includes reduction pursuant to PL. 104-131, $25,000.
8/ Includes reduction pursuant to PL. 104-208, $16,000.
9/ Includes $8,000 unavailable for obligation pursuant to sections 102 and 202 of the Emergency Steel Loan Guarantee and Emergency Oil and Gas Guaranteed Loan Act of 1999 (H.R. 1664).
10/ Includes $38,000 unavailable for obligation pursuant to PL. 106-113.

SUMMARY OVERVIEW

National Mediation Board

The National Mediation Board requests $10,400,000 for its total program for FY 2001 along with 52 full-time equivalent positions. This request will fully fund the personnel compensation of the Board's career staff along with the inflationary costs associated with performing the statutory mandate of resolving major and minor labor disputes in the airline and railroad industries. This budget provides an overview of the Railway Labor Act, the functions of the NMB, the highlights during FY 1999, and provides the information on the resources needed to accomplish the FY 2001 goals and objectives.

SUMMARY OVERVIEW (FINANCIAL)

Fiscal Year 2000 Budget	$9,600,000
Fiscal Year 2001 Increases/Decreases	
Compensation and Benefits Increase	610,000
Travel Increase	25,000
Other Current Services Level Increases	165,000
Fiscal Year 2001 Request Level	$ 10,400,000

Personnel Summary

FY 2000 Estimate - FTE	48
FY 2001 Request - FTE	52

National Mediation Board
Program and Financing Schedule
(In Thousands of Dollars)

Identification Code 95-2400-0-1-505	FY 1999 Actual	FY 2000 Estimated	FY 2001 Estimated
Obligations by Program Activities:			
0001 Mediation/Representation Services	5,679	5,685	7,048
0002 Emergency Disputes Arbitration Services, Sec. 3 & 7	0	362	400
0003 Referee Services	1,783	2,540	2,540
0004 Administrative Costs	449	332	412
1000 Total obligations	7,911	9,562	10,400
Budgetary Resources Available for Obligation:			
2200 New budget authority (gross)	8,400	9,600	10,400
2395 New obligations	(7,911)	(10,000)	(10,400)
2398 Unobligated balance expiring	(89)	(10,000)	(10,400)
2440 Unobligated balance available	(400)	0	0
2499 Total unobligated balance, end of year	(489)	0	0
New Budget Authority (Gross), detail			
4000 Appropriation	8,400	9,600	10,400
4036 Unobligated balance rescinded	(8)	(38)	0
Change in Unpaid Obligations:			
7240 Obligated balance: start of year	1,666	1,205	784
7310 Total new obligations	7,911	9,600	10,400
7320 Total outlays (gross) (-)	(8,513)	(10,021)	(10,114)
7340 Adjustments in expired accounts	141	0	0
7440 Obligated balance: end of year	1,205	784	1,070
Net Budget Authority and Outlays			
8900 Budget Authority (net)	8,392	9,562	10,400
9000 Outlays (net)	8,513	10,021	10,114

National Mediation Board
Personnel Summary

	FY 1999 Actual	FY 2000 Estimated	FY 2001 Estimated
Executive Level Positions (FTP)	2	3	3
General Schedule Positions (FTP)	39	44	47
Senior Executive Service Positions (FTP)	2	2	2
Total Employment, end of year (FTE)	43	48	52
Detail of Positions			
Direct			
Total Compensable Workyears:			
Full-time Equivalent Employment	43	48	52
Average GS Grade	12.01	12.08	12.19
Average GS Salary	$67,040	$70,784	$74,197
Average Salary of Senior Executive Service Positions	$125,900	$130,200	$130,200
Average Salary of Executive Level Positions	$122,150	$125,000	$125,000

National Mediation Board
Object Classification
(In Thousands of Dollars)

	FY 1999 Actual	FY 2000 Estimated	FY 2001 Estimated
Personnel Compensation:			
Full-time Permanent	3,321	3,554	4,118
Special personnel services payments	1,641	2,665	2,665
Total Personnel Compensation	4,962	6,219	6,783
Civilian Benefits	653	921	967
Benefits for Former Personnel	8	8	8
Travel & Transportation of Persons	502	750	775
Transportation of Things	7	10	11
Rental Payments to GSA	749	793	841
Communications, Utilities, & Misc. Charges	225	230	239
Printing & Reproduction	39	31	32
Other Services	446	433	660
Supplies and Materials	109	105	108
Equipment	211	100	106
Total Obligations	7,911	9,562	10,400

DETAILED EXPLANATION OF CHANGES BY OBJECT CLASS FOR FISCAL YEAR 2001

National Mediation Board
(In Thousands of Dollars)

Increases for Current Services and Request Level

FY '00	FY '01		Net Change
		Personnel Compensation and Benefits	
$7,148	$7,758		$610
		The personnel category provides funding for all salaries and benefits of career staff and arbitration referees including the government's share of FERS, CSRS, Medicare, and the Thrift Savings Plan.	
		NMB's request of $7,758 is split among three activities. (1) $5,093 will fund the career staff of 52 FTEs and associated personnel costs. It is estimated that the full staffing level of the Board will be achieved during FY 2001; (2) $2,300 for compensation of the referees' salaries which continues the pay rate increase from $220 to $300 a day; (3) $365 to compensate members appointed to Presidential Emergency Board members.	
		Travel and Transportation of Persons	
$750	$775		$25
		This category will fund the travel expenses of the Board Members, Mediators, Arbitration referees and local transportation costs for the staff. In addition, funds are allocated for costs associated with the orientation period of new employees.	

FY '00	FY '01		Net Change
		Transportation of Things	
$10	$11		$1
		The requested amount will cover the cost and use of commercial courier services by the Board's staff.	
		Rental Payments to GSA (Rent)	
$793	$841		$48
		This category pays the General Services Administration (GSA) for use of office space in Washington. The estimate is based on the FY 2000 rates submitted by GSA which includes a six percent rate increase.	
		Rent, Communications, and Utilities (RCU)	
$230	$239		$9
		This category includes funds for the use of commercial, local, long distance telephone services and payment to GSA for after-hour utilities. Also, includes payment to the Postal Services for the Board's postage meters. The cost of space for the National Railroad Adjustment Board located in Chicago is paid through a memorandum of understanding with the Railroad Retirement Board which is also included in this category.	
		Printing and Reproduction	
$31	$32		$1
		Funding in this category is for printing, reproduction, binding and related composition operations of the Board.	
		Other Services	
$433	$660		$227
		This category provides funding for a wide range of commercial and government services. These services include maintenance contracts on all	

FY ''00	FY '01		Net Change
		general and information management equipment, commercial database access, payments for systems development and support, repairs and/or alterations to existing space, consultants and experts, agency training and conference fees for its staff. Also, the increase will fund the setup cost associated with the virtual institute at the George Mason University estimated at $180,000.	
$105	$108	Supplies and Materials This category provides funding to purchase general office supplies, ADP supplies, subscriptions, and government publications.	$3
$100	$106	Equipment This category provides for the equipment needs of the agency including hardware and software for information technology requirements, telecommunication equipment as well as office furniture purchases.	$6
$9,600	$10,400	TOTAL FOR ALL OBJECT CLASSES	$800

MISSION STATEMENT

Railway Labor Act and NMB Functions

The Railway Labor Act (RLA) provides a comprehensive statutory framework for the resolution of labor-management disputes in the airline and railroad industries. Enacted in 1926 as a collaborative effort of labor and management, the RLA succeeded several previous federal statutes dating back to 1888. The 1926 Act provided for mandatory mediation and voluntary arbitration in contract negotiations, as well as for Presidential Emergency Boards (PEBs) to enhance dispute resolution. Key amendments to the Act in 1934 established the current three-member National Mediation Board and authorized the resolution of employee representation disputes by the NMB. In 1936, the RLA's jurisdiction was expanded to include the airline industry. The Act's most recent substantive amendment in 1981 permitted the creation of specialized Presidential Emergency Boards for disputes at certain commuter railroads.

The RLA has five "general purposes" (listed in the order specified by the Act):

- Avoid interruptions to interstate commerce in the airline and railroad industries;
- Ensure the right of employees to freely determine whether they wish to be represented for collective bargaining purposes;
- Ensure the independence of labor and management for self-organization to carry out the purposes of the Act;
- Provide for the prompt and orderly settlement of collective bargaining disputes; and
- Provide for the prompt and orderly settlement of disputes over the interpretation of existing collective bargaining agreements.

Pursuant to the RLA, NMB programs have provided an integrated dispute resolution process that effectively meets the statutory objective of minimizing work stoppages in the airline and railroad industries by securing voluntary agreement. The NMB's integrated processes are designed to promote three statutory goals:

- The prompt and orderly resolution of disputes arising out of the negotiation of new or revised collective bargaining agreements,

- The effectuation of employee rights of self-organization where a representation dispute exists, and

- The prompt and orderly resolution of disputes over the interpretation or application of existing agreements. In order to effectuate the purposes of the RLA, NMB services are organized into three areas, corresponding to the types of disputes handled by the Board: mediation and alternative dispute resolution (ADR), representation and arbitration.

Mediation and ADR

The RLA requires labor and management to make every reasonable effort to make and maintain collective bargaining agreements. Initially, the parties must give notice to each other of their proposals for new or revised agreements. Direct bargaining between the parties must commence promptly and continue in an effort to resolve or narrow their differences. Should the parties fail to reach agreement during direct negotiations, either party, or the parties jointly, may apply to the Board for mediation. (An application for the NMB's mediation services may be obtained from the Board's web site at www.nmb.gov.) Following receipt of an application, the NMB will promptly assign a mediator to assist the parties in reaching an agreement. The Board is obligated under the Act to use its "best efforts" to bring about a peaceful resolution of the dispute. The NMB mediators apply a variety of dispute resolution techniques, including traditional mediation, interest-based problem solving, and facilitation to resolve the dispute.

If after such efforts the Board determines that mediation will fail to settle the dispute, the NMB advises the parties of that determination and offers arbitration as an alternative approach to resolve the remaining issues. If either party rejects this offer of arbitration, the Board promptly releases the parties from formal mediation. This release triggers a thirty-day cooling off period. During this thirty-day period, the Board will continue to work with the parties to achieve a peaceful solution to the dispute. However, if an agreement has not been reached by the end of the thirty-day period, the parties are free to exercise lawful self-help. Examples of lawful self-help include carrier-imposed working conditions or a strike by the union.

The RLA further permits the Board to recommend the establishment of a Presidential Emergency Board to investigate and report on the dispute. A PEB also may be requested by any party involved in a dispute affecting a publically funded and operated commuter railroad. While either of these emergency board processes are in progress, neither party to the dispute may exercise self-help.

In addition to traditional mediation services, the NMB also provides, as resources and staff permits, Alternative Dispute Resolution services. ADR services include pre-mediation facilitation, training and grievance mediation. The purpose of the Board's ADR program is to assist the parties in learning and applying more constructive, less confrontational methods for resolving their disputes. Another goal is to help the parties resolve more of their own disputes without outside intervention. The Board believes that its ADR services, over time, will reduce and narrow the disputes which the parties bring to mediation.

Representation

Under the RLA, employees in the airline and railroad industries have the right to select a labor organization or individual to represent them for collective bargaining without "interference, influence or coercion" by the carrier. Employees may also decline representation. The RLA's representation unit is a "craft or class," which consists of the overall grouping of employees performing the particular types of related duties and functions. The selection of employee representatives for collective bargaining is accomplished on a system-wide basis, which includes all employees in the craft or class anywhere the carrier operates in the United States.

When a labor organization files an application with the NMB to represent employees, the Board assigns an investigator. (An application for a representation investigation may be obtained from the Board's web site at www.nmb.gov.) The investigator assigned to the case has the responsibility to determine if the craft or class the organization seeks to represent is system-wide and otherwise valid. The NMB's election procedures require that the application must be supported by a sufficient showing of interest by the employees to warrant continuing the investigation. Where the employees are not represented for collective bargaining purposes, a thirty-five percent showing is required. If the craft or class covered by the application already is represented and a collective bargaining agreement is in effect, the showing of interest requirement is a majority of the craft or class.

Should the applicant meet the showing of interest requirement, the NMB will continue the investigation, usually with a secret ballot election. Only employees found eligible to vote by the NMB are permitted to participate in the election. In order for a representative to be certified, a majority of the eligible voters must cast valid ballots in support of representation. The Board is responsible for ensuring that the requirements for a fair election process have been maintained. If the employees vote to be represented, the Board issues a certification of that result which commences the carrier's statutory duty to bargain with the certified representative.

Arbitration

The RLA provides for both grievance and interest arbitration. Grievance arbitration, involving the interpretation or application of an existing collective bargaining agreement, is mandatory under the RLA. The Board has significant administrative responsibilities for the three sources of grievance arbitration in the railroad industry. These sources are the National Railroad Adjustment Board established by the RLA, as well as the arbitral institutions established directly by the labor-management parties at each railroad (public law boards and special boards of adjustment). Grievance arbitration in the airline industry is accomplished at the various system boards of adjustment created jointly by labor and management. The Board furnishes panels of prospective arbitrators for the parties' selection in both the airline and railroad industries. (A request to be placed on the NMB's Roster of Arbitrators may be obtained from the Board's web site at www.nmb.gov.) The NMB also has substantial financial responsibilities for railroad arbitration proceedings in that it pays the salary and travel expenses of the arbitrators. Arbitration decisions under the RLA are final and binding with very limited grounds for judicial review.

Interest arbitration is a process to establish the terms of a new or modified collective bargaining agreement through arbitration, rather than through negotiations. Although the RLA provides an effective process for interest arbitration, its use is not required by the statute. The NMB offers the parties the opportunity to use interest arbitration when the Board has determined that further mediation efforts will be unsuccessful. In addition, the parties may directly agree to resolve their collective bargaining dispute through interest arbitration. The NMB generally provides the parties with panels of potential arbitrators from which they select the individual to resolve the dispute. In some instances, the parties' agree to arbitrate which allows the NMB to directly appoint an arbitrator. The interest arbitration decision is final and binding with very narrow grounds for a judicial appeal.

PROGRAM DESCRIPTION

Meditation/Alternative Dispute Resolution Services (ADR)

Overview of Fiscal Year 1999

During FY 1999, the Board continued to realize significant benefits from its intense efforts over the past several years to revamp its work force, upgrade services, and expand programs. Judging from an increased demand for its services, the Board's efforts have been well received by the parties. The Board docketed 116 new mediation and alternative dispute resolution cases, a 41 percent increase over FY 1998 (82 cases). Of this increased number, 71 cases involved traditional mediation disputes (16 percent increase over FY 1998), and 45 cases involved ADR services (114 percent increase over FY 1998).

ADR cases are disputes in which the Board provides collective bargaining training, pre-mediation facilitation or grievance mediation services. ADR cases are the core of the Board's new dispute resolution initiative which formally began in FY 1997. The Board's ADR services are designed to improve the effectiveness of collective bargaining in the airline and railroad industries and reduce the number and scope of disputes that potentially disrupt the nation's transportation system.

The investment made by the Board over the past several years in recruiting new mediators and upgrading the skills of existing mediators likewise, paid dividends during the fiscal year through a dramatic increase in case closures. FY 1999 saw 180 cases closed, an increase of 67 percent over the 108 cases closed in FY 1998. This 1999 number is even more impressive when it is compared to the 1994-1998 average of 84 case closures per year, a 200 percent increase over the five-year average. The mediation dispute case closures during FY 1999 increased 17 percent over the FY 1998 levels and 48 percent over the prior five-year average.

For several years prior to FY 1999, the Board maintained independent customer service standards which it used as goals for improving the timeliness and effectiveness of its mediation and ADR programs. During the past year, the Board folded the customer service standards into the agency's 1999 Annual Performance Plan. The 1999 Annual Performance Plan set four timeliness standards applicable to mediation cases. These standards committed the agency to meet timeliness goals in docketing cases, assigning mediators, setting first meeting dates and setting subsequent meeting dates. In three of the four areas, docketing, mediator assignment, and first meeting dates, the agency met its standards over 90 percent of the time.

The Board fell short of its goal for subsequent meeting dates. In this area, the agency met its performance standard 62 percent of the time, as compared to a goal of 80 percent. This shortfall occurred, in part, because of the agency's need for more mediators. Mediator shortage is being addressed in this request which would allow the agency to expand its staff to the authorized level of 52 full-time equivalent positions.

In summary, FY 1999 was a very good year for the Board's Mediation and ADR programs. A chart reflecting the actual numbers for FY 1999, FY 1998 and the FY19 94-1998 average follows:

	FY 1999 Acnal	FY 1998 *Adjusted	FY 1994 - FY 1998 Five Year Average
	Total/Mediation/ADR	Total/Mediation/ADR	Total/Mediation/ADR
Cases Pending at Start	154/127/27	183/176*/7*	149/na/na
Cases Docketed	116/71/45	82/61/21	95/na/na
Cases Closed	180/124/56	108/105/3	84/na/na
Cases Pending at End	90/74/16	157*/132*/25*	160/na/na

*Note: Some numbers vary from previously reported results for FY 1998 due to case audits and changes in case reporting methodology related to a new case management system coming on line during FY 1999. ADR data is not available prior to FY 1998.

A complete list of all mediation cases docketed (Appendix A) and all mediation cases closed (Appendix B) during FY 1999 (listed by carrier, union and craft or class) are attached.

Highlights during FY 1999

The airline industry as a whole continued to make healthy profits in FY 1999 for the third year in a row. The railroad industry also remained profitable in FY 1999. The general environment in the airline industry centered on continued growth and expansion of aircraft fleets and route structures. The railroad industry focused on consolidating operations as a result of new or existing merger agreements between and among four of the country's major freight railroads. Several themes and issues colored airline and railroad bargaining during the year and likely will impact negotiations during FY 2000 and FY 2001.

Self-help activities. The general profitability levels of the airline and railroad industries led to aggressive and, in some cases, confrontational bargaining. Additionally, some airline bargaining during 1999 evolved the first round of negotiations following concessionary

contracts bargained in the early 1990's at the bottom of the industry's profitability cycle. The natural tension between labor organizations' demands to restore and improve pay and benefits for its members and carriers' attempts to maintain or reduce labor costs resulted in some economic confrontations and a few narrow misses.

Typical of this theme was the negotiation between Northwest Airlines and the Air Line Pilots Association. Notwithstanding 100 days of mediation and the Board's best efforts to reach a settlement, Northwest Airlines pilots struck the carrier during August-September 1998. By the start of FY 1999 and after a 15-day strike, the Board assisted the parties in reaching a tentative agreement which the membership ratified. Notably, and in contrast with the strike by the American Airlines pilots during February 1997, the dispute was resolved by the parties without resorting to a Presidential Emergency Board.

Other problematic negotiations which resulted in cooling off periods, but ended with agreements rather than strikes, included disputes between Trans World Airlines/International Association of Machinist("IAM") (flight attendants, machinists and fleet/customer service employees); America West Airlines/Association of Flight Attendants ("AFA") (first agreement); British Airways/IAM (reservations, mechanics, telecommunications and passenger service); Aer Lingus/IAM (fleet/passenger service and mechanics); Mexicana Airlines/IAM (office, clerical, fleet and passenger service); TAP Air Portugal/International Brotherhood of Teamsters ("IBT") (ramp workers); Conemaugh & Black Lick Railroad/United Steel Workers("USW") (maintenance of way and shop crafts); Patapsco & Back Rivers Co./USW (shop crafts and maintenance of way); Philadelphia, Bethlehem & New England Railroad/USW (maintenance of way and shop crafts); South Buffalo Railway Co./USW (shop crafts and maintenance of way); and Wheeling & Lake Erie Railway Co./Brotherhood of Railroad Signalmen ("B.S.") (locomotive mechanics and signalmen).

Rejected tentative agreements. A development related to more confrontational bargaining is the increasing number of rejected tentative agreements. There appears to be a correlation between the rising profits of the airlines and rising expectations of the employees which accounts, in part, for rejected tentative agreements. Additionally, the membership ratification process employed by most unions in gaining approval of collective bargaining agreement is being revolutionized by the Internet. Instant communication, for better or worse, is becoming the norm. Internet "Bulletin Board" discussions give union members unprecedented amounts of information, sometimes accurate and sometimes not. Bulletin Boards also provide a platform for discussing contract issues, comparing benefit levels with other employee groups and advocating acceptance or rejection of tentative agreements.

During the past year, US Airways, American Airlines, Northwest Airlines, TWA, Allegheny Airlines, AIA, Continental, Continental Express, Mesa and several other airlines and their unions successfully negotiated tentative agreements, only to have them rejected by the membership. Railroads encountering this problem included Wisconsin Central; Duluth, Missabe & Iron Range; Grand Trunk Western and the Port Authority Trans. Hudson.

Although rejected tentative agreements always have been a variable in the negotiations process, the increasing number of rejections adds complexity to collective bargaining. Potentially, unions become more cautious about making agreements without cooling off periods, and carriers become more conservative about placing their "best" offers on the table. Unless carriers and unions find effective ways to reasonably satisfy employee goals and at the same time reach settlements which are "affordable" to carriers, longer disputes and more confrontations may be a byproduct of this trend.

"Quiet" Successes. Despite the publicity associated with a few, high profile cases which resulted in disruption, the Board continued to resolve most of its mediation cases through voluntary agreement between the parties, without cooling off periods or strikes. Although not an exhaustive list, the following air cases reflect this "trend": Northwest Airlines/IAM (passenger service, fleet service, clerical); Continental and Continental Express/Independent Association of Continental Pilots (pilots); Continental and Continental Express/IBT (mechanics); America West/IBT (mechanics); Mesaba/Aircraft Mechanics Fraternal Association ("AMFA") (mechanics); Alaska Airlines/AMFA (mechanics); Aloha/ALPA (pilots); Piedmont Airlines/IAM (mechanics).

Quiet successes on the railroad side include: Soo Line Railroad/BLE (engineers)/UTU (yardmasters, conductors, trainmen)/TCU-ARASA (technical engineers); Florida East Coast Railway/International Brotherhood of Electrical Workers (IBEW) (Carmen, dispatchers, clerks and roadway shop)/BMWE (maintenance of way); Metro North Railroad/TCU (supervisors); New Jersey Transit Rail Operations/TCU (clerks) and Bessemer & Lake Erie Railroad/UTU (engineers). In addition, AMTRAK has settled with all its Unions except the UTU and ATDD.

Growing Use of Board's ADR services. During FY 1999, the Board made significant progress in moving parties toward more constructive dialogue through its training, facilitation and grievance mediation services. The Board provided training and facilitation services to several major airlines, railroads and the unions representing airline and railroad employees.

In several cases, the parties' commitment to a more constructive relationship and the ADR services provided by the Board resulted in tentative agreements without the need for

mediation. American Airlines and the Association of Professional Flight Attendants; Alaska Airlines and the Association of Flight Attendants; and DHL and the Air Line Pilots Association all reached agreements in direct negotiations using constructive bargaining techniques and the NMB facilitation services. The employees at DHL and Alaska Airlines ratified these agreements. The American flight attendants rejected their tentative agreement and returned to the table.

Other parties who availed themselves of the Board's ADR services included AIA/International Brotherhood of Teamsters (pilots); Midway Airlines/ALPA; Air Wisconsin/ALPA; Frontier Airlines/Frontier Airlines Pilots Association; Ryan Air/Airline Pilots Association; Vanguard Airlines/Vanguard Pilots Association; and Miami Air International/Miami Airlines Pilots Association. While ADR services have not yet been used with national handling, Section 6, bargaining in the railroad industry, the Board continues, through various forums, including the Wage and Work Rule panel established by the United Transportation Union and the National Carrier Conference Committee, to make inroads with the parties on the rail side of the business.

In addition to training and facilitation services associated with Section 6 bargaining, the Board provided training and grievance mediation services which resulted in a reduction of the number of cases going to arbitration or the bargaining table. Carriers and unions involved in grievance mediation included Aloha/ALPA; Aloha/IAM; Atlantic Southeast Airlines/AFA; Airborne Express/IBT (pilots); America West/ALPA; Metro North Railroad/BRS (signalmen); and Grand Trunk Western/UTU(conductors).

Several new grievance mediation initiatives are under way which are intended to reduce and/or speed the resolution of grievance disputes under arbitration, Section 3 of the Railway Labor Act. These initiatives include the Union Pacific Railroad, SEPTA, Metro North Railroad and various unions, as well as a separate grievance mediation project involving UTU and the four major freight railroads (Union Pacific, BNSF, Norfolk Southern, and CSX). This latter project is a pilot project and will result in an early evaluation, for settlement purposes, of several hundred grievances that typically would require expenditure of agency funds for arbitration of the claims, a more costly process.

Regional jets. Another significant issue contributing to the bargaining ferment was the rapid expansion of regional jet flying. Regional airlines that code share with major airlines continue to rapidly acquire these new passenger jet aircraft, typically seating fewer than 70 passengers. The employees at major carriers and the employees at code sharing regional carriers often disagree who should operate, staff and maintain these airplanes. In many cases, the balancing

of work is covered by complex scope clauses negotiated by the carriers and unions which specify formulas and limitations controlling the purchase and operation of regional jets.

During recent months, Northwest Airlines, Continental Airlines, Continental Express, United Airlines, Atlantic Coast Airlines, US Airways, US Airways Express carriers, Delta, and Atlantic Southeast Airlines negotiated over new or modified agreements which limited or loosen restrictions on the purchase and use of regional jets.

Alliances, Mergers and Acquisitions. The railroad industry was marked by mega consolidations. "Day 1" of Norfolk Southern and CSX's acquisition and division of Conrail came and went, seemingly with fewer operational problems than the ones encountered by Union Pacific in absorbing Southern Pacific. Union Pacific's traffic began to recover from merger related problems of the previous year. Canadian National acquired Illinois Central and the Surface Transportation Board approved the acquisition. As railroads seek to obtain the benefits of consolidations, disputes involving the wages, terms and conditions of merged operations abound. Carrier and unions have both approached Congress seeking or opposing legislation which would limit the circumstances under which a carrier, a New York Dock arbitrator or the Surface Transportation Board could override the terms of an existing collective bargaining agreement without first exhausting the procedures of the Railway Labor Act.

The airline industry continued to change through "alliances" both domestic and international. The alliance between American Airlines and British Air seems to have hit a permanent regulatory impasse, but the "One World" alliance involving American, British Airways and other international carriers became a reality. Similar world wide alliances involved United Airlines, Lufthansa (Star Alliance); Delta, Air France and Swiss Air; and Northwest and KLM-Continental Group The "virtual" merger between Continental and Northwest Airlines is moving ahead, despite a law suit filed by the Justice Department to block aspects of the alliance. American Airlines acquired Reno Air and Business Express and is in the process of folding the operations of these carriers into its own flying operations.

For their part, US labor organizations are responding to globalization by coordinating with their counterparts world wide. The Airline Pilots Association has formed working groups with foreign pilot unions which track the various carrier alliances. Additionally, the International Transportation Workers' Federation, a global organization of transportation workers' unions, is educating its members on the effects of mega-mergers and code sharing agreements.

Forecast for FY 2000, FY 2001 and Beyond

It is difficult to reliably predict, months before the start of the FY 2001 fiscal year, which and how many disputes may require the Board's dispute resolution services. However, it is possible to make a general forecast derived from the amendable dates of collective bargaining agreements which occur during FY 2000 or FY 2001. Also, this forecast is informed by the Board's average case load for FY 1994-1998 and its case load during FY 1999. Based on these considerations and the continued growth and expansion of the Board's alternative dispute resolution initiatives, the Board anticipates a significant increase in work load. In order to avoid a backlog of work, the Board will need additional staff to sustain its recent track record of aggressively mediating cases and assisting the parties in enhancing their dispute resolution skills.

The following chart reflects projected case load for FYs 1999-2001:

	FY1999 Actual	FY2000 Estimated	FY2001 Estimated
	Total/Mediation/ADR	Total/Mediation/ADR	Total/Mediation/ADR
Cases Pending at Start	154/127/27	90/74/16	108/80/28
Cases Docketed	116/71/45	120/76/44	130/85/45
Cases Closed	180/124/56	102/70/32	102/70/32
Cases Pending at End	90/74/16	108/80/28	136/95/41

As compared with FY 1999, the Board projects a 4 percent increase in new cases during FY 2000 and an additional 12 percent increase during FY 2001. This projection is consistent with the trend toward increased use, by the parties, of the Board's dispute resolution services. The trend began in FY 1998 and continued in FY 1999. It is important to note that the number of new cases docketed during FY 1999 (116) exceeded the 1994-1998 average by 22 per cent (21 cases) and exceeded the agency's estimate of 100 new cases for FY 1999 (estimate made during FY 1998) by 16 percent. Thus, the agency believes its projection of 130 new cases being filed during FY 2001 is a conservative estimate, likely met and probably exceeded.

On the case closing side, FY 1999 was an extraordinarily good year, and the agency does not believe that it is realistic to sustain the number of case closing (180) achieved during FY 1999. For planning purposes and assuming current staffing levels, the agency is projecting 102 case closures per year in FY 2000 and FY 2001. This goal of 102 cases exceeds the FY 1994-1998 average by 18 cases (21 percent) and may be overly ambitious. However, even with this aggressive assumption for the rate of case closings, the number of cases pending at the start of

the year will grow from a projected 90 cases at start of FY 2000, to 108 at the start of FY 2001, and to 136 by the end of FY 2001.

In order to maintain the current level of services for the projected case load, the agency will require additional mediators which is projected within this budget request.

The basis for the agency's projected growth in case load is threefold; the 2000-2001 bargaining calendar; improved timeliness/effectiveness of the Board's mediation services; and continued demand for its expanded dispute resolution services.

Bargaining calendar. National rail bargaining will begin in FY 2000, and, if negotiations are unresolved during FY 2000, mediation will extend to FY 2001. National rail bargaining involves at least the four largest freight railroads in the country, Union Pacific, CSX, Norfolk Southern and Burlington Northern Sante Fe. National bargaining involves a host of unions, including, Brotherhood of Locomotive Engineers, Brotherhood of Railroad Signalmen, Brotherhood of Maintenance of Way Employees, United Transportation Union, Transportation/Communication Union, TWU, IAM, Boilermakers, and IBEW to name a few. National bargaining impacts, directly or indirectly, 250,000 employees who work in the rail industry. Apart from national bargaining, Illinois Central, a Class I railroad which bargains separately with its unions, will likely require mediation assistance for all of its contracts.

Given the number of contracts, unions and employees and the potential economic consequences of a rail strike, the Board anticipates committing substantial staff resources to the coming round of freight railroad bargaining. While it is not known if national bargaining will be resolved during FY 2000, the Board anticipates a substantial number of rail cases coming to mediation during FY 2001 as smaller railroads and unions bargain over incorporating or varying the terms of the national agreement into their contracts if national bargaining is completed by the end of FY 2000.

The airline bargaining agenda likely will be dominated by contract negotiations involving Delta/ALPA (pilots), American/TWU (fleet service, mechanics, dispatchers); TWA/IAM (machinist, passengers service and flight attendants); United Airlines/ALPA (pilots), and United/IAM (machinist, fleets service, clerks, dispatchers, and food service employees). Negotiations involving United Airlines may be particularly complex since this will be the first set of full negotiations following the purchase of United by a group of its employees during the mid-nineties.

Other significant airline contracts amendable during FY 2000 or 2001 include Airborne Express/IBT (pilots); America West/ALPA (pilots); Air Wisconsin/IAM (mechanics, clerical);

Continental/IAM (flight attendants); Hawaiian Airlines/ALPA (pilots); Hawaiian Airlines/AFA (flight attendants); Hawaiian Airlines/IAM (machinists, clerical, fleet and passenger service); Southwest Airlines/TWU (fleet service); Sun Country/ALPA (pilots); and Sun Country/IBT (flight attendants).

Improved Mediation Services/Expanded Dispute Resolution Services. In response to feedback from the parties, the Board has undertaken a more aggressive approach and a more condensed timetable for mediating cases. The agency's performance in this regard, as measured by the FY 1999 Annual Performance Plan, shows great strides in improving the effectiveness and timeliness of its mediation services. In the agency's FY 2001 Annual Performance Plan, the Board adds two additional goals for measuring the timeliness and effectiveness of mediation services: bringing mediation cases to closure in 45 mediation meeting days and completing mediation cases, on average for the agency, within 12 months of docketing. Time alone is not a valid measure of the effectiveness of mediation services under the Railway Labor Act. Lengthy mediation is often a necessary tool in the Board's toolbox to help the parties reach agreements. The goals set by the Board, subject to exception for unusual cases, appear to harmonize the parties' desires to move cases ahead more quickly and the dictates of the RLA which require the Board's best efforts to avoid disruptions in the nation's transportation system. The new goals, if they are to be meaningfully achieved, will require further mediator staffing.

The number of alternative dispute resolution cases has grown from a handful of cases in FY 1998 to 45 cases in FY 1999 and a conservative estimate of 45 cases during FY 2001. This explosive growth reflects both the quality of these services as well as a clear demand by the parties for ADR. The agency has been able to accommodate this increase to some extent by the efficiencies it achieved during its reorganization in FY 1998, but the current level of activity cannot be sustained over time if the Board is to continue to meet the parties' demands for services in a timely manner.

In some cases, the ADR services provided by the Board involve training delivered by the Board mediator/trainers at the outset of negotiations to enhance the prospects of voluntary agreements. In other cases, ADR services entail facilitation or grievance mediation staffed by the Board mediators. While facilitation and grievance mediation services necessarily need to be staffed by mediators, the Board is developing a creative private/public partnership to meet some of the training needs of the parties.

Finally, the Board has finalized a pilot agreement with the UTU and Union Pacific, CSX, Norfolk Southern and BNSF to assess and utilize, as appropriate, grievance mediation for each new Public Law Board (PLB) created by UTU. The purpose of this pilot is to reduce the

number of grievances arbitrated under Section 3 of the RLA and speed the resolution of grievance in the railroad industry. Last year, UTU and the above carriers created more than 15 PLBs, covering more than 1500 grievances. Extrapolating from these figures, the UTU grievance mediation project will be a substantial undertaking by the Board. The Board anticipates the need to dedicate at least 1-2 full-time employees to cover this work.

Representation

Overview of Fiscal Year 1999

During FY 1999, the NMB maintained its goal of remaining current with the agency's representation case load. The agency effectively eliminated its inventory of older pending cases by the end of FY 1998, and this trend continued throughout FY 1999. During FY 1999, the agency closed 96 percent of incoming cases (72 closed; 75 received). This volume of cyclic case activity is consistent with the five-year averages of case activity (FY 1994-FY 1998). With the agency resources requested, it is projected that case closings will continue to be investigated and resolved at this same pace over the next several fiscal years. The number of new representation cases filed in FY 1999 was marginally less than the number received in FY 1998 (75 in FY 1999; 78 in FY 1998).

The NMB successfully met all of the standards set for representation cases under its FY 1999 Annual Performance Plan. Cases are managed through a series of five benchmarks covering the key phases of the agency's investigation: docketing, investigator assignment, showing of interest determination, timely response following ballot count and overall timely resolution. All five standards for timely case processing were fully satisfied during FY 1999. In particular, the Board responded to representation applications within 3 business days, in 97 percent of all cases; assigned an investigator to representation cases within 5 business days, in 100 percent of all cases; determined there was a sufficient showing of interest to authorize an election or dismiss a case within 45 calendar days, in 100 percent of all cases; issued certifications or dismissals within 5 business days of ballot counts (absent a timely appeal), in 100 percent of all cases; and completed representation investigations within the 90 calendar day goal set for non-appellate cases, in 97 percent of all cases.

The following chart reflects the NMB's representation caseload for FY 1999, FY 1998 and the five-year average for FY 1994-1998.

Representation Caseload

	FY 1999 Actual	FY 1998 Actual	FY 1994 - FY 1998 Five Year Average
Cases Pending at Start	11	24	25
Cases Docketed	75	78	81
Cases Closed	72	91	83
Cases Pending at End	14	11	23

A complete list of all representation cases docketed (Appendix C) and all representation cases closed (Appendix D) during FY 1999 (listed by carrier, union and craft or class) are attached.

Highlights during FY 1999

Under the RLA, the selection of employee representatives for collective bargaining is accomplished on a system-wide basis. Due to this requirement, and the staffing practices in the airline and railroad industries, the Board's representation cases frequently involve numerous operating stations across the nation. In many instances, labor and management raise substantial issues relating to the composition of the electorate, jurisdictional challenges, allegations of election interference and other complex matters which require careful investigations and rulings by the NMB.

Representation disputes involving large numbers of employees generally are more publicly visible. However, all cases require and receive neutral and professional investigations by the Board. The NMB ensures that the employees' choices regarding representation are made without interference, influence or coercion. The case summaries that follow are examples of the varied representation matters which were investigated by the NMB during FY 1999.

Northwest Airlines/AMFA & IAM. A large election among more than 10,000 Mechanics and Related employees at Northwest Airlines involved an established incumbent, IAM, and a challenging applicant, AMFA. When the NMB's investigation commenced, the labor-management environment at Northwest included contract bargaining directly affecting the Mechanics and Related employees covered by AMFA's application, as well as several other unresolved collective bargaining disputes. After AMFA prevailed in the November 1998 ballot count, the IAM promptly raised allegations of substantial election interference against AMFA. The NMB conducted an extensive investigation of these allegations, including sworn

interviews of employees and AMFA officials. The Board's investigation established that although AMFA's conduct did not improperly affect the outcome of the election, the inappropriate activities by AMFA seriously violated the NMB's secret ballot process and required an agency response. Accordingly, on June 1, 1999 the NMB certified AMFA as the representative of the craft or class, but limited the certification period to six months, rather than the customary two-year period.

Union Pacific/UTU & BLE. A hard fought inter-union contest resumed during FY 1999 at the Union Pacific Railroad between the UTU and the BLE. These organizations represent over 13,000 employees at the UP. Following unsuccessful merger discussions, in May 1999 the UTU reactivated its previously filed representation application before the NMB. The UTU asserted that the UP's train and engine service employees should be represented in a single craft or class, while the BLE sought to retain the current division of the employees into two units. The NMB held an evidentiary hearing with numerous witnesses in July 1999. Post-hearing briefs were filed in August 1999. Should the NMB adopt the UTU's position, an election among the 13,000 employees would be held. If the BLE's position is adopted, the UTU's application would be dismissed.

America West Airlines/TWU. The Transport Workers Union prevailed in an election among the Fleet Service employees of America West Airlines in January 1999. The airline subsequently filed allegations that the TWU interfered with the election by arranging to collect voters' ballot envelopes. An investigation of the allegations was conducted by the NMB, including sworn interviews with TWU officials. The NMB's investigation established that the TWU's activities had not improperly influenced the election. However, in view of the TWU's inappropriate conduct which affected the secrecy of the ballot process, the certification was shortened to one year.

American Airlines/CWA. In December 1998, the Board conducted an election among approximately 14,000 Passenger Service employees of American Airlines. The applicant, the Communications Workers of America (CWA), received approximately 5,700 votes, less than the majority required for Board certification. CWA subsequently filed election interference charges against American on a variety of grounds. The Board investigated these charges, receiving extensive evidentiary submissions from CWA and American. In August 1999, the NMB issued a determination in the matter, finding that based on the totality of the circumstances, American had not interfered with the election. Accordingly, the Board applied the initial election results and dismissed the application.

US Airways/CWA. In May 1999, the U. S. Court of Appeals for the D.C. Circuit directed the NMB to set aside the results of an election among the Passenger Service employees of US

Airways which the CWA had won in October of 1997. This virtually unprecedented action by the court led to another election for the approximately 8,000 employees in that craft or class during July and August of 1999. At the time the court issued its order, the NMB was providing mediation assistance to the parties. The CWA prevailed in the subsequent election and the Board promptly certified the results. Subsequently, US Airways and CWA reached a tentative agreement which the membership ratified overwhelmingly.

Forecast for FY 2000, FY 2001 and Beyond

The dynamic evolution of both the airline and railroad industries assures that the NMB will continue to be faced with challenging representation issues to investigate and resolve. It is estimated that 80 new representation cases will be filed with the Board during FY 2000 and 85 new cases will be filed during FY 2001. A continuing volume of new representation cases is expected in FY 2001 and beyond primarily due to the proliferation of short line railroads and organizing efforts at the regional airlines. Additional organizing is projected to continue among the non-represented employees at the larger air carriers.

Over 80 percent of railroad industry employees currently are represented by unions. It is likely that those unions will continue to be active in seeking to represent the employees of the newer short lines during the next decade. Similar organizing activity is expected to take place at the regional airlines. Although approximately 70 percent of employees at the scheduled airlines are organized, the density of union representation for regional airlines is lower. Thus, the pace of organizing activities at regional airlines is likely to remain high for the foreseeable future. This trend has been heightened by the advent of regional jets which have contributed to explosive growth of many regional carriers.

The following chart reflects projected representation caseload for FY 1999-2001:

	FY1999 Actual	FY2000 Estimated	FY2001 Estimated
Cases Pending at Start	11	14	14
Cases Docketed	75	80	85
Cases Closed	72	80	85
Cases Pending at End	14	14	14

ARBITRATION SERVICES

Overview of Fiscal Year 1999

During FY 1999, the NMB closed 5,653 cases compared to 3,821 the previous year. Several considerations drove this remarkable 48 percent increase in cases closed: $500,000 of supplemental funding for Section 3 activities provided during FY 1998;* improved administrative oversight by the agency of Section 3 activities; the availability of training and grievance mediation services through the agency's ADR program; and regular "encouragement" of the parties' efforts to resolve disputes themselves, without the intervention of an arbitrator.

In FY 1999, as in the previous year, the Arbitration and Financial Management Departments met the agency's arbitration performance goal by reimbursing arbitrators within 14 calendar days, in over 90 percent of all cases.

Notwithstanding the high rate of case closures, the parties added 5,880 cases in FY 1999 compared to 4,411 in FY 1998, resulting in a slightly higher number of cases pending at the end of FY 1999. While many factors contributed to the increased number of new cases, including changes associated with mergers and consolidations taking place in the railroad industry, the Board, for the present, views this as a cyclical increase rather than a permanent trend.

* *Due to the lead time in translating additional funding into increased case closures, the Board did not realize the full benefit of the supplemental appropriations in FY 1998 until FY 1999.*

A chart reflecting the actual numbers for FY 1999, FY 1998 and the FY 1994-1998 average follows:

	FY 1999 Actual	FY 1998 Actual	FY 1994 - FY 1998 Five Year Average
Cases Pending at Start	11,010	10,420	10,272
Cases Docketed	5,880	4,411	4,893
Cases Closed	5,653	3,821	4,845
Cases Pending at End	11,237	11,010	10,320

Highlights during FY 1999

At the start of this fiscal year, the Board began a systematic review of its Section 3 caseload and administrative procedures. The Board worked with the Section 3 Committee, a group consisting of representatives of Class I freight railroads and major rail organizations, to find ways to shorten the time it takes to resolve arbitration cases and increase the number of cases resolved. The Section 3 Committee and the Board created a subcommittee intended to cooperatively explore changes in Section 3 procedures contemplated by the agency. Several new initiatives, which refined projects already in progress, emerged from the agency's work with the Section 3 groups.

Annual case audit. In November of 1998, the Board began a preliminary audit of all cases pending before a select group of public law boards and special boards of adjustment. The agency provided the National Railway Labor Conference and Section 3 Committee members with a list of pending cases on these boards and directed the parties to report any discrepancies between its records and the agency's records. The audit results are encouraging. In one case, the audit accounted for a 50 percent reduction in outstanding cases. In two other situations, the audit yielded a 59 percent and a 57 percent reduction in cases, respectively.

While compliance with the audit was voluntary during FY 1999, the audit will be a regular part of the agency's administrative procedures in subsequent fiscal years. Any party failing to cooperate with the audit faces a possible restriction on Section 3 funds. Additionally during FY 2000, the audit procedures will be extended to all Section 3 boards, including the National Railroad Adjustment Board.

Arbitrator compensation and pilot projects. During this year, carrier and labor representatives agreed to jointly seek additional funding for Section 3 activities which would enable the Board to increase the arbitrator's daily rate. The current rate of $220 per day has not been adjusted since 1982. In the event the parties succeeded, the Section 3 Committee requested the Board to revise its administrative procedures in any way necessary to shorten the time needed for arbitrators to render awards. Representatives of the agency, the arbitral community and the parties currently are reviewing the NMB's arbitrator reimbursement process. The purpose of the study is to streamline and improve the efficiency of the National Mediation Board's system for compensating arbitrators and to identify any changes which will increase the number of cases resolved each year and shorten the time period needed for resolution.

To this end, the Board approved a pilot public law board project agreement between Norfolk Southern and the Brotherhood of Locomotive Engineers which expedited the arbitration process and compensated the arbitrator on a per case basis rather than the normal daily rate system. Under the terms of this agreement, the arbitrator was obligated to hear all 11 cases assigned to the board within 60 days and render awards within thirty days from the date of the

hearing. The parties' briefs were limited to five pages and the arbitrator's award was limited to one page per case. The parties selected an experienced railroad arbitrator to serve as the neutral on this pilot public law board. The Board agreed to compensate the neutral $50 for each case heard and $150.00 per case per decision, payable upon completion of the awards.

The outcome. The arbitrator took 5 days to hear the cases, review the record and write the decisions. He completed the decisions within 30 days of the hearings and received compensation of $2,200. According to the arbitrator, under the agency's normal procedures, he would have spent 26 days in hearing and deciding the 11 cases, and these days would have been spread over 6 months. Thus, the cases were decided more quickly (30 days versus 6 months) and more economically ($5,720 [26 days @ $220 per day] versus $2,200).

Grievance mediation pilot projects. The NMB actively promoted grievance mediation as a means to deal with grievances short of arbitration. One notable new project involves an agreement between the major freight railroads and UTU, the largest user of Section 3 services, to establish a pilot project that makes grievance mediation a routine option for each new public law board created by the UTU.

New case management system and other administrative improvements. As part of an overall plan to improve its management information systems, the agency procured and installed a new arbitration case management system. This system will allow the Board to more accurately monitor the caseload and identify trends which will be useful in assisting the parties. Over time, the system should enable the Board to help the parties prioritize case issues, evaluate existing boards, screen new cases filed, and identify grievance issues by regional location and parties involved.

Additionally, the agency continued its program of using the NMB web site as a source for many of the forms and documents needed by arbitrators and the parties. This use of the Internet allows arbitrators, the parties and the public to obtain information and forms instantaneously and reduces the staff time which ordinarily would be required to respond to questions and requests.

Forecast for FY 2000, FY 2001 and Beyond

For budgetary purposes, the Board projects that the caseloads for the next two fiscal years will duplicate the FY 1999 numbers, which are significantly higher than the five-year average. The Board also assumes for these projections that it will continue to receive funding at the FY 2000 level to close cases at the same level reached in FY 1999. The projections also assume the increased funding received to raise the daily rate for railroad arbitrators and expand the pilot

grievance meditations projects which the Board has on the drawing board. Absent funding at the requested level and assuming cases received and closed during FY 2001 parallel FY 1999, the number of pending cases pending at the end of FY 2001 likely will increase by 20 percent, from 10,993 to 13,192, rather than remain at the projected level.

The following chart reflects projected caseload for FY 1999-2001:

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Cases Pending at Start	11,010	11,237	11,115
Cases Docketed	5,880	5,536	5,536
Cases Closed	5,653	5,658	5,658
Cases Pending at End	11,237	11,115	10,993

Based on the projects reflected in the agency's FY 2001 Annual Performance Plan, the Board is optimistic that grievance mediation, party education, new arbitrator orientation, expedited boards, precedent-setting boards and other initiatives undertaken by the Board and the parties will enable the Board to achieve case closures even better than those projected above.

PRESIDENTIAL EMERGENCY BOARDS

Overview of Fiscal Year 1999

During FY 1999, no PEBs were created to resolve disputes in the airlines or railroad industries.

Presidential Emergency Board Caseload

	FY 1999 Actual	FY 1998 Actual	FY 1994 - FY 1998 Five Year Averages
Emergency Board Sec. 160	0	0	1
Emergency Board Sec 159A	0	0	1

Where the NMB determines that mediation has been unsuccessful, the Board proffers interest arbitration to the parties. Either labor or management may refuse the proffer and, after a 30-day cooling-off period, use "self-help," that is to strike, lockout or, for the carrier, to implement new contract terms.

If the NMB decides that the dispute threatens substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service, the Board notifies the President, who in his discretion may then establish a PEB to "investigate and report respecting such dispute." This is an additional forum which is available under section 160 of the RLA. Status-quo conditions must be maintained throughout the period that the PEB is in effect and for 30 days following its report. PEB members are of such a number as the President designates, and their compensation is fixed by the President and their salaries are paid by the NMB.

While PEB's are a part of the RLA, the use of PEB's indicates that the parties have not been able to reach voluntary agreements. Accordingly, the absence of PEB's during FY 1999 reflects that parties, either on their own or with the assistance of the Board, have been successful in reaching voluntary agreements without the need for PEB's.

Commuter Railroad Emergency Boards. The RLA, section 9A, provides a multi-step emergency board process for unresolved disputes affecting publicly funded and operated commuter railroads and their employees.

If mediation procedures are exhausted, the parties to the dispute or the Governor of any state where the railroad operates, may request the President to establish a PEB. The President is required to establish such a board if requested. If no settlement is reached within 60 days following the creation of the PEB, the NMB is required to conduct a public hearing on the dispute. If there is no settlement within 120 days after the creation of the PEB, any party or the Governor of any affected state, may request a second final offer PEB.

Forecast for FY 2000, FY 2001 and Beyond

The NMB cannot predict precisely the number of PEBs that may be created during a given fiscal year. Estimates are based, among other factors, upon prior experience and knowledge of the contentiousness of issues confronting the parties in the bargaining process and mediation, the number of railroad cases, and the degree of impact of any dispute. With national rail negotiations commencing in FY 2000, it is highly likely that at least 2 PEB's, and possibly more, may be needed in each of FY 2000 and FY 2001.

The following chart reflects projected case load for FY 1999 - FY 2001

	FY1999 Actual	FY2000 Estimated	FY2001 Estimated
Emergency Board Sec. 160	0	2	2
Emergency Board Sec 159A	0	2	2

Financial Management

Overview of Fiscal Year 1999

During FY 1999, the Board continued coordinating with other small agencies on the purchase of a new financial system. Because of the Board's size, the agency's financial mandates are limited to the core requirements of the Financial Management Improvement Act and the Joint Financial Management Improvement Program. After reviewing financial systems, the agency decided to upgrade its current financial system from DOS to Windows based. The Board installed its new financial system in October 1999.

For the last four years, the NMB was proactive and submitted to voluntary financial audits. The FY 1998 and FY 1999 financial audits provided the agency with unqualified audit opinions.

Information Technology

The NMB continues to emphasize the need to integrate its information technology needs into the overall agency goals and objectives. Consistent with the strategic and annual performance plans of the Board, the new case management system will focus on centralizing information for Mediation, ADR, Representation and Arbitration. The NMB has improved its remote capabilities which allows more simultaneous connections to the Board.

The Board's Business Contingency Plan provided the framework for its Y2K efforts. During the rollover into 2000, the Board did not experience any problems.

Web Site

The NMB established an Internet website (www.nmb.gov) last year with extensive coordination among labor, management, neutral parties, the public, other Government organizations and our own agency staff. The focus for the website is the principal functions of Mediation, Representation, Arbitration and Presidential Emergency Boards under the Railway Labor Act. Readily accessible RLA and NMB documents on the website are now accessed extensively and we are experiencing a corresponding reduction in letter and telephone requests for information and documents.

During FY 1999, the website recorded more than six thousand page hits a week. Throughout the year, the Board continued to enhance the website to better equip and serve its employees and customers. For example, more than 75 NMB Weekly Activity Reports were posted,

which provide pertinent NMB operational information to airline and railroad labor and management and other interested parties. All of the Board's FY 1998 and 1999 Determinations (to date) are now posted for easy access. A newly revised NMB Representation Manual, which provides procedural guidance on the processing of representation cases before the NMB, was recently posted with table of contents hyperlinks to individual manual pages. Additionally, the website contains agency press releases, service application forms, pertinent legislation, NMB rules, biographies of principal officials, job announcements, personnel directory, and other useful information. On an internal page, comprehensive hyperlinks are now available to NMB personnel, which provide easy headquarters or remote access to work-related Internet resources.

During the year we plan to improve the website by conducting a customer survey and review the content and general functionality of the site.

APPENDIX A

Mediation Cases Docketed During FY 1999

Mediation Cases Docketed for FY1999

Carrier	Union	Craft/Class
Air Transport International	IBT	Flight Deck Crew Members
Alaska Airlines, Inc.	IAM & AW	Clerical, Office & Passenger Service Employees
Alaska Airlines, Inc.	AMFA	Mechanics & Related
Allegheny Airlines	ALPA	Pilots
Aloha Airlines, Inc.	AFA	Flight Attendants
Bemidji Aviation Services	IAM & AW	Stock Clerks
Bemidji Aviation Services	IAM & AW	Mechanics & Related
Bessemer & Lake Erie Railroad	UTU	Trainmen
C/N Grand Trunk Western (GTW)	BRS	Signalmen
California Western Railroad	IAM & AW	Mechanic & Related
CCAir	IBT	Stock Clerks
Chautaugua Airlines	IBT	Fleet & Passenger Service Employees
Chicago, Central & Pacific RR	TCU	Clerks
Comair, Inc.	ALPA	Pilots
Comair, Inc.	IAM & AW	Mechanics & Related
Continental Airlines	IBT	Mechanics & Related
Continental Express	IBT	Mechanics & Related
Delaware & Hudson Railway	TCU	Engineering Supervisors
DHL Airways	IBT	Aircraft Dispatchers
Duluth, Winnepeg & Pacific Railroad	TCU	Carmen
Eastwind Airlines	IBT	Flight Attendants
Emery Worldwide Airlines	ALPA	Flight Deck Crew Members
Executive Jet	IBT	Technicians, Fuelers, Cleaners
Florida East Coast Railway Company	IBEW	Carmen
Florida East Coast Railway Company	UTU	Train & Engine Service, Yardmasters
Florida East Coast Railway Company	IBEW	Roadway Shop
Florida East Coast Railway Company	IBEW	Foreman

Mediation Cases Docketed for FY1999

Carrier	Union	Craft/Class
Florida East Coast Railway Company	IBEW	Clerks
Florida East Coast Railway Company	IBEW	Dispatchers
Great Lakes Aviation	IAM & AW	Stock Clerks
Horizon Air	IBT	Pilots
Kiwi International Airlines	TWU	Flight Attendants
Long Island Railroad	TCU	Dispatchers/Console Operators
Long Island Railroad	BRS	Signalmen
Long Island Railroad	TCU	Clerical - Exception 5 Employees
Long Island Railroad	TCU	Station Agents, Tower Employees
Long Island Railroad	TCU	Clerical
Louisiana & Northwest Railroad	IAM & AW	Machinists
M&B Railroad, LLC	IAM & AW	Machinist & Related
M&B Railroad, LLC	BMWE	Maintenance of Way
Metro-North Railroad	BRS	Signalmen
Midwest Express Airlines	ALPA	Flight Deck Crew Members
Nebraska Central Railroad	UTU	Train & Engine
Nebraska Central Railroad	UTU	Maintenance of Way
Nebraska Central Railroad	UTU	Mechanical
New Jersey Transit Rail Operations	IBEW	Electricians
New Jersey Transit Rail Operations	BLE	Locomotive Engineers
New Jersey Transit Rail Operations	SMWIA	Sheet Metal Workers
New Jersey Transit Rail Operations	BRS	Signalmen
New Jersey Transit Rail Operations	BMWE	Maintenance of Way
New Jersey Transit Rail Operations	IBEW	Electrical Supervisors
New Jersey Transit Rail Operations	TCU	Clerks
Northwest Airlines, Inc.	IBT	Flight Attendants
Pacific & Arctic Railway	IBT	Railroaders

Mediation Cases Docketed for FY1999

Carrier	Union	Craft/Class
Piedmont Airlines, Inc.	ALPA	Pilots
Piedmont Airlines, Inc. d/b/a US Airways Express	IAM & AW	Mechanics & Related
Reeve Aleutian Airways	IBEW	Mechanics & Related
South Carolina Central Railroad	UTU	Transportation Specialist
South Carolina Public Railway	UTU	Conductors
South Carolina Public Railway	UTU	Trainmen
South Carolina Public Railway	UTU	Engineers
Southeastern Penn. Transit Authority	UTU	Conductors, Assistant Conductors
Southeastern Penn. Transit Authority	BLE	Locomotive Engineers
Southeastern Penn. Transit Authority	BMWE	Maintenance of Way
Tower Air	AFA	Flight Attendants
Trans States Airlines, Inc	ALPA	Pilots
Trans Continental Airlines, Inc.	TCPA	Flight Deck Crew Members
TTX Company (Railroad)	TCU	Carmen
Union Pacific Railroad	UPUYC	Yardmasters
US Airways, Inc.	CWA	Passenger Service
US Airways, Inc.	AFA	Flight Attendants

APPENDIX B

Mediation Cases Closed During FY 1999

Mediation Cases Closed for FY1999

Carrier	Union	Craft/Class
Aer Lingus	IAM & AW	Maintenance Employees
Aer Lingus	IAM & AW	Fleet Passenger Service
Air Wisconsin Airlines	AFA	Flight Attendants
Air Trans Airways	IAM & AW	Mechanics & Related
Alaska Airlines	IAM & AW	Clerical, Office & Passenger Service Employees
Allegheny Airlines	ALPA	Pilots
ALM Antillean Airlines	IAM	Office, Clerical, Fleet & Passenger Service
Aloha Airlines, Inc.	ALPA	Pilots & Co-Pilots
Aloha Island Air	IAM & AW	Mechanics & Related, Clerical, Office & Fleet Passenger Service Employees
Aloha Airlines	AFA	Flight Attendants
America West Airlines, Inc.	AFA	Flight Attendants
America West Airlines, Inc	IBT	Mechanics & Related
Amtrak	JCC	Carmen, Coach Cleaners
Amtrak	AFRP	Police Officers Below the Rank of Captain
Amtrak	BMWE	Maintenance of Way
Amtrak	TCU-ARASA	On Board Supervisors
Amtrak	SMWIA	Sheet Metal Workers
Amtrak	IBBB	Boilermakers
Amtrak	TCU-ARASA	Maintenance of Equipment Supervisors
Amtrak	TCU	Clerical Employees
Amtrak	SEIU-NCFO	Laborers
Amtrak	TCU- ARASA	Maintenance of Way
Amtrak	IAM & AW	Machinists
Amtrak	BMWE	Maintenance of Way
Amtrak	IBEW	Electricians
Bahamas Air	IAM & AW	Fleet & Passenger, Mechanics & Related
Bessemer & Lake Erie Railroad	UTU	Enginemen
Bessemer & Lake Erie Railroad	BMWE	Maintenance of Way Employees

Mediation Cases Closed for FY1999

Carrier	Union	Craft/Class
Birmingham Southern Railroad Co.	BLE	Locomotive Engineers
Birmingham Southern Railroad Co.	TCU	Carmen
British Airways	IAM & AW	Reservations
British Airways	IAM & AW	Mechanics
British Airways	IAM & AW	Telecommunications
British Airways	IAM & AW	Passenger Service
C/N Grand Trunk Western Railroad	UTU	Yardmasters
C/N Grand Trunk Western Railroad	BRS	Signalmen
C/N Grand Trunk Western Railroad	UTU	Brakemen
California Western Railroad	IAM & AW	Mechanics & Related
Challenge Air Cargo	IBT	Flight Engineers
Challenge Air Cargo	IBT	Pilots
Chautaugua Airlines, Inc.	IBT	Flight Standards Pilots
Conemaugh & Black Lick Railroad Co.	USW	Shopcraft Employees
Conemaugh & Black Lick Railroad Co.	USW	Maintenance of Way
Conrail	ILA	Longshoremen
Continental Express, Inc.	IACP	Pilots
Continental Express, Inc.	IBT	Mechanics & Related
Continental Airlines, Inc.	IBT	Mechanics & Related
Cuyahoga Valley Railroad Co.	UTU	Engineers, Fireman, Hostlers, Diesel Mechanics, Clerks
Cuyahoga Valley Railroad Co.	UTU	Trainmen
Dakota, Minnesota & Eastern	UTU	Operating Employees
Delaware & Hudson Railway	TCU	Engineering Supervisors
Duluth, Missabe & Iron Range Railway	BLE	Engineers
Duluth, Missabe & Iron Range Railway	BLE	Engineers
El Al Israel Airlines	IAM & AW	Fleet Passenger Service, Maintenance of Way
Elgin, Joliet & Eastern Railway	BLE	Locomotive Engineers
Florida East Coast Railway Company	IBEW	Dispatchers

Mediation Cases Closed for FY1999

Carrier	Union	Craft/Class
Florida East Coast Railway Company	BMWE	Maintenance of Way
Florida East Coast Railway Company	IBEW	Roadway Shop
Florida East Coast Railway Company	IBEW	Clerks
Florida East Coast Railway Company	IBEW	Carmen
Grand Trunk Western RR	BMWE	Maintenance of Way
Grand Aire Express, Inc.	IBT	Pilots
Great Lakes Aviation, LTD	IAM & AW	Stock Clerks
Great Lakes Aviation, LTD	UTU	Trainmen and Yardmen
KIWI International Airlines	TWU	Flight Attendants
Kyle Railroad Company	UTU	Carmen
LACSA	IBT	Fleet Service Employees
Long Island Railroad Company	IRSA	GANG FRMN Asst. Sup. of EQ MA. CO
Louisiana & Northwest Railroad Co.	IAM & AW	Machinists
Louisiana & Northwest Railroad Co.	TCU	Carmen
Maryland & Pennsylvania RR Co.	BMWE	Maintenance of Way Employees
Mesa Airlines, Inc.	AFA	Flight Attendants
MESABA Airlines	AMFA	Mechanics & Related
Metro North Commuter RR	TCU	Supervisors
Mexicana Airlines	IAM	Office, Clerical, Fleet & Passenger Service
Michigan Livestock	UFCW	Laborers
Nebraska Central Railroad	UTU	Train & Engine Sevice
Nebraska Central Railroad	UTU	Maintenance of Way Employees
Nebraska Central Railroad	UTU	Mechanical Employees
New Jersey Transit Rail Operations	TCU	Clerks
Norfolk Southern	BMWE	Maintenance of Way Employees
Northern Indiana Commuter Trans.	BMWE	Maintenance of Way
Northwest Airlines, Inc.	IAM & AW	Office, Clerical, Fleet Passenger Service
Northwest Airlines, Inc.	ALPA	Pilots

Mediation Cases Closed for FY1999

Carrier	Union	Craft/Class
Northwest Airlines, Inc.	IAM & AW	Plant Protection (Security Officers)
Northwest Airlines, Inc.	IAM & AW	In-Flight Kitchen
Northwest Airlines, Inc.	IAM & AW	Mechanics & Related
Offshore Logistics, Inc.	OPEIU	Flight Crew Members
Pacific & Arctic Railway	IBT	Railroaders
Patapsco & Back Rivers Co.	USW	Maintenance of Way
Patapsco & Back Rivers Co.	USW	Shopcraft Employees
Philadelphia, Bethlehem & New England Railroad Co.	USW	Maintenance of Way Employees
Philadelphia, Bethlehem & New England Railroad Co.	USW	Shopcraft Employees
Piedmont Airlines, Inc. d/b/a US Airways Express	IAM & AW	Mechanics & Related
Port Authority Trans Hudson	BLE-ADA	Train Dispatchers
Port-Authority Trans-Hudson	BLE	Yard Supervisors, Engineers & Engineers Switching
Rich International Airways, Inc.	R.A.	Pilots
River Terminal Railway	IBT	Conductors and Brakemen
River Terminal Railway	UTU	All Except Clerks
Soo Line Railroad Company	BLE	Locomotive Engineers
Soo Line Railroad Company	UTU	Yardmasters
Soo Line Railroad Company	TCU-ARASA	Technical Engineers
Soo Line Railroad Company	UTU	Engineman, Conductor, Trainman, Yardmen
South Buffalo Railway Co.	USW	Maintenance of Way
South Buffalo Railway Co.	BLE	Locomotive Engineers
South Buffalo Railway Co.	USW	Shopcraft Employees
Springfield Terminal Railway	UTU	Trainmen
Sun Country Airlines	IBT	Flight Attendants
Swiss Air	IAM & AW	Cargo Agents
TAP Air Portugal	IBT	Clerical, Office, Fleet & Passenger Sevice

Mediation Cases Closed for FY1999

Carrier	Union	Craft/Class
Texas Northern Railroad Company	UTU	Train & Engine Employees
Trans World Airlines, Inc.	IAM & AW	Flight Attendants
Trans World Airlines, Inc.	IAM & AW	Mechanics & Related
Trans World Airlines, Inc.	IAM & AW	Passenger Service Employees
US Airways	IAM & AW	Fleet Service Employees
US Airways	IAM & AW	Mechanics & Related
Valujet Airlines	AFA	Flight Attendants
West Air, Inc. d/b/a United Express	AFA	Flight Attendants
West Texas & Lubbock Railroad Co.	UTU	Operating Employees
Wheeling & Lake Erie Railway Co.	BRS	Signalmen
Wheeling & Lake Erie Railway Co.	BRS	Locomotive Mechanics
Wisconsin Central Railroad	UTU	Conductors
World Airways	IBT	Flight Attendants

APPENDIX C

Representation Cases Docketed During FY 1999

Representation Cases Docketed for Fiscal Year 1999
(10/1/98 - 09/30/99)

Carrier	Union	Craft/Class
Air Net Systems	IBT	Pilots
Air Methods Corporation	OPEIU	Rotorcraft and Fixed Wing Flight Deck Crew Pilots
AirTran Airways/AirTran Airlines	NPA	Flight Deck Crew Members
AirTran Airways/AirTran Airlines	IBT	Stock Clerks
AirTran Airways/AirTran Airlines	IBT	Mechanics and Related Employees
AirTran Airlines, Inc.	IBT	Ground Instructors
AirTran Airlines, Inc.	TWU	Flight Dispatchers
Alabama & Gulf Coast Railway, LLC	BMWE	Non-Operating Employees
Alabama & Gulf Coast Railway, LLC	UTU	Train and Engine Service Employees
Allegheny Airlines, Inc.	IBT	Fleet and Passenger Service Employees
Allegheny Airlines, Inc.	IBT	Flight Dispatchers
Allegheny Airlines, Inc.	IBT	Maintenance Operations Controllers
Aloha Islandair, Inc.	IBT	Mechanics and Related Employees
America West Airlines, Inc.	TWU	Fleet Service Employees
America West Airlines, Inc.	IBT	Stock Clerks
American Eagle Airlines	CWA	Passenger Service Agents
American Trans Air, Inc.	IBT-ATACFR	Cockpit Crew Members
American Trans Air, Inc.	TWU	Flight Dispatchers
American Airlines, Inc.	CWA	Passenger Service Employees
American Airlines, Inc./Reno Air	ALPA-APA	Pilots

Representation Cases Docketed for Fiscal Year 1999
(10/1/98 - 09/30/99)

Carrier	Union	Craft/Class
Atlas Air, Inc.	ALPA-IBT	Flight Deck Crew Members
Big Sky Transportation Co.	UTU	Flight Dispatchers
Canadian Pacific Railway (Soo District)	SLSCSA-TCU-ARASA Div.	Signal and Communications Supervisors
CCAir, Inc.	IBT	Fleet and Passenger Service Employees
Central Oregon & Pacific Railroad, Inc.	BLE	Train and Engine Service Employees
Champion Air	IBT	Flight Attendants
Chautauqua Airlines, Inc.	TWU	Flight Dispatchers
City of Prineville Railway Co.	AFSCME-CPREU	Operating and Non-Operating Employees
Continental Airlines, Inc./Continental Express, Inc.	IACP	Instructor Pilots
Continental Airlines, Inc.	IBT	Flight Simulator Technicians
Continental Airlines, Inc.	IAM&AW	Fleet Service Employees
CSA Air, Inc.	IBT	Cockpit Crew Members
CSX Transportation, Inc.	ILA-ISU	Supervisors of Coal Loading Operations
Custom Air Transport	IBT	Flight Deck Crew Members
Dalfort Aerospace, L.P.	CBD-IBT	Mechanics and Related Employees
Dalfort Aerospace, L.P.	CBD-IBT	Stock Clerks
Delta Air Lines, Inc.	TWU	Pilot Ground Training Instructors
DHL Airways, Inc.	IBT	Mechanics and Related Employees
Eastwind Airlines, Inc.	IBT	Mechanics and Related Employees

Representation Cases Docketed for Fiscal Year 1999
(10/1/98 - 09/30/99)

Carrier	Union	Craft/Class
ERA Aviation	IBEW	Flight Attendants
Frontier Airlines, Inc.	TWU	Flight Dispatchers
Frontier Airlines, Inc.	FAPA	Flight Deck Crew Members
Gulfstream International Airlines	IBT	Pilots
Hacor, Inc.	IBT	Flight Kitchen & Commissary Employees
I&M Rail Link, LLC	IAM&AW-I&MRWC	Machinists
Iowa Interstate Railroad, Ltd.	BMWE	Maintenance of Way Employees
Louisiana & Delta Railroad	UTU-BLE	Train and Engine Service Employees
Mesa Airlines	TWU	Flight Dispatchers
Mesaba Airlines d/b/a Northwest Airlink	AFA	Flight Attendants
Mesaba Airlines	AMFA	Maintenance Controllers
Mesaba Airlines	TWU	Flight Dispatchers
Miami Air International, Inc.	IBT	Flight Deck Crew Members
Midwest Express Airlines, Inc.	AFA	Flight Attendants
Mountain Air Express and Air Wisconsin Airlines Corporation	ALPA	Pilots and Co-Pilots
Norfolk Southern Corporation	RCWU-IBEW	Telephone Maintainers
Piedmont Airlines, Inc.	IAM&AW	Stock Clerks
Premium Services Management	IBT	Skycaps
ProAir, Inc.	PACC	Flight Attendants
San Joaquin Valley Railroad Co.	UTU	Maintenance of Way Employees

Representation Cases Docketed for Fiscal Year 1999
(10/1/98 - 09/30/99)

Carrier	Union	Craft/Class
San Joaquin Valley Railroad Co.	UTU	Train Dispatchers
Seaborne Virgin Islands	AMO-TTWISEU	Fleet and Passenger Service Employees
Seaborne Virgin Islands	AMO-TTWISEU	Mechanics and Related
Shuttle American Airlines	IAM	Mechanics and Related
SkyWest Airlines, Inc.	ALPA	Flight Deck Crew Members
Southwest Airlines, Inc.	IBT	Crew Schedulers
Sun Country Airlines, Inc.	TWU	Dispatchers
Texas Mexican Railway Co.	UTU-BLE	Locomotive Engineers
UFS, Inc.	IBT	Fleet and Passenger Service Employees
United Airlines, Inc.	IFPTE	Engineers and Related Employees
United Airlines, Inc.	IAM&AW	Maintenance Instructors
US Airways, Inc.	IAM&AW	Maintenance Training Specialists
US Airways, Inc.	IAM&AW	Maintenance Control Technicians
Vanguard Airlines, Inc.	VAPA	Flight Deck Crew Members
Virgin Atlantic Airways, Ltd.	VCWC-IBT	Fleet Service Employees
YorkRail, Inc.	IBT	Train and Engine Service Employees

APPENDIX D

Representation Cases Closed During FY 1999

Representation Cases Closed for Fiscal Year 1999
(10/1/98 - 09/30/99)

Carrier	Union	Craft/Class
Air Methods Corporation	OPEIU	Rotorcraft and Fixed Wing Flight Deck Crew Pilots
AirTran Airlines, Inc.	IBT	Ground Instructors
AirTran Airlines, Inc.	IBT	Stock Clerks
AirTran Airlines, Inc.	TWU	Flight Dispatchers
AirTran Airways and AirTran Airlines	NPA	Pilots
AirTran Airways and AirTran Airlines	IBT	Mechanics and Related Employees
Alabama & Gulf Coast Railway, LLC	UTU	Train and Engine Service Employees
Alabama & Gulf Coast Railway, LLC	BMWE	Non-Operating Employees
Allegheny Airlines, Inc.	IBT	Flight Dispatchers
Allegheny Airlines, Inc.	IBT	Fleet and Passenger Service Employees
Allegheny Airlines, Inc.	IBT	Maintenance Operations Controllers
Aloha Islandair, Inc.	IBT	Mechanics and Related Employees
America West Airlines, Inc.	IBT	Stock Clerks
America West Airlines, Inc.	TWU	Fleet Service Employees
American Airlines, Inc.	CWA	Passenger Service Employees
American Airlines, Inc./Reno Air	ALPA-APA	Pilots
American Eagle Airlines	CWA	Passenger Service Agents
American Trans Air, Inc.	ATA-IBT	Flight Deck Crew Members
Atlantic Southeast Airlines	TWU	Flight Dispatchers
Atlas Air, Inc.	ALPA-IBT	Flight Deck Crew Members

Representation Cases Closed for Fiscal Year 1999
(10/1/98 - 09/30/99)

Carrier	Union	Craft/Class
Canadian Pacific Railway (Soo District)	SLSCSA-TCU-ARASA Div.	Signal and Communications Supervisors
CCAir, Inc.	IBT	Fleet and Passenger Service Employees
Central Oregon & Pacific Railroad, Inc.	BLE	Train and Engine Service Employees
Champion Air	IBT	Flight Attendants
Chautauqua Airlines, Inc.	TWU	Flight Dispatchers
City of Prineville Railway Co.	AFSME	Operating and Non-Operating Employees
Continental Airlines, Inc./Continental Express, Inc.	IACP	Instructor Pilots
Continental Airlines, Inc./Continental Express, Inc.	IAM&AW	Fleet Service Employees
Continental Airlines, Inc./Continental Express, Inc.	IBT	Flight Simulator Technicians
CSA Air, Inc.	IBT	Flight Deck Crew Members
CSX Transportation, Inc.	ISU-ILA	Supervisors of Coal Loading Operations
Custom Air Transport, Inc.	IBT	Flight Deck Crew Members
DHL Airways, Inc.	IBT	Mechanics and Related Employees
Eastwind Airlines, Inc.	IBT	Mechanics and Related Employees
Frontier Airlines, Inc.	AFA	Flight Attendants
Frontier Airlines, Inc.	FAPA	Flight Deck Crew Members
Frontier Airlines, Inc.	TWU	Flight Dispatchers

Representation Cases Closed for Fiscal Year 1999
(10/1/98 - 09/30/99)

Carrier	Union	Craft/Class
Hacor, Inc.	IBT	Flight Kitchen and Commissary Employees
I&M Rail Link, LLC	IAM&AW	Machinists and Machinists Apprentices
Iowa Interstate Railroad, Ltd.	BMWE	Maintenance of Way Employees
Mesa Airlines	TWU	Flight Dispatchers
Mesaba Aviation	AFA	Flight Attendants
Mesaba Aviation	AMFA	Maintenance Controllers
Mesaba Aviation	TWU	Flight Dispatchers
Miami Air International, Inc.	IBT	Flight Deck Crew Members
Midway Airlines Corporation	AFA	Flight Attendants
Midwest Express Airlines, Inc.	AFA	Flight Attendants
Mountain Air Express and Air Wisconsin Airlines Corporation	ALPA	Pilots and Co-Pilots
Norfolk Southern Corporation	RCWU-IBEW	Telephone Maintainers
Northwest Airlines, Inc.	AMFA-IAM&AW	Mechanics and Related Employees
Petroleum Helicopters, Inc.	OPEIU	Flight Deck Crew Members
Piedmont Airlines, Inc.	IAM&AW	Stock Clerks
Premium Services Management	IBT	Skycaps
ProAir, Inc.	PACC	Flight Attendants
San Joaquin Valley Railroad Co.	UTU	Train Dispatchers
San Joaquin Valley Railroad Co.	UTU	Maintenance of Way Employees
SkyWest Airlines, Inc.	ALPA	Flight Deck Crew Members

Representation Cases Closed for Fiscal Year 1999
(10/1/98 - 09/30/99)

Carrier	Union	Craft/Class
Southwest Airlines, Inc.	IBT	Crew Schedulers
Sun Country Airlines	TWU	Flight Dispatchers
"the" Delaware-Lackawanna Railroad Co.	BMWE	Machinists
"the" Delaware-Lackawanna Railroad Co.	BMWE	Maintenance of Way Employees
"the" Delaware-Lackawanna Railroad Co.	BMWE	Engineers
"the" Delaware-Lackawanna Railroad Co.	BMWE	Operating and Non-Operating Employees
"the" Delaware-Lackawanna Railroad Co.	BMWE	Signalmen
UFS, Inc.	IBT	Fleet and Passenger Service Employees
United Airlines, Inc.	IAM&AW	Maintenance Instructors
US Airways, Inc.	CWA	Fleet and Passenger Service Employees
US Airways, Inc.	IAM&AW	Maintenance Training Specialists
US Airways, Inc.	IAM&AW	Maintenance Control Technicians
Vanguard Airlines, Inc.	VAPA	Flight Deck Crew Members
Virgin Atlantic Airways, Ltd.	VCWC-IBT	Fleet Service Employees
YorkRail, Inc.	IBT	Train and Engine Service Employees

APPENDIX E

FY 2001 Performance Plan

The FY 2001 NMB Performance Plan is fully aligned with the current NMB Strategic Plan. The three strategic plan outcome goals for NMB mediation, representation and arbitration activities are highlighted and appear in their respective sections of the annual performance plan. The annual performance plan goals are strategies for achieving the current strategic plan goals. The Revised FY 2000 NMB Performance Plan (Appendix F) is attached to enable a comparison of the related performance goals in the FY 2001 and Revised FY 2000 plans. A table of contents for both plans facilitates easy cross-reference and examination of individual annual performance goals.

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Mission Statement

The National Mediation Board (NMB), established by the 1934 amendments to the Railway Labor Act of 1926, is an independent agency that performs a central role in facilitating harmonious labor-management relations within two of the nation's key transportation modes-the railroads and airlines. Pursuant to the Railway Labor Act, the NMB programs have provided an integrated dispute resolution process that effectively has met the statutory objective of minimizing work stoppages in the airline and railroad industries. The NMB's integrated process specifically are designed to promote three statutory goals:

- The prompt and orderly resolution of disputes arising out of the negotiation of new or revised collective bargaining agreements;
- The effectuation of employee rights of self-organization where a representation dispute exists; and
- The prompt and orderly resolution of disputes over the interpretation or application of existing agreements.

Resources Requested to Meet FY 2001 Performance Goals

The National Mediation Board (NMB) requested $10,400,000 and 52 FTE employees for the total program. These resources will enable the NMB to meet its statutorily mandated obligations and provide services to its airline and railroad labor-management and public customers, by achieving the goals contained in the current strategic plan and the annual performance plan. Seventy-five percent of the NMB's budget is attributed to FTE and contractual personnel costs. More than ninety percent of NMB staff enjoy direct customer contact and the staff is dedicated to fulfilling the mission of the NMB and providing the services described in the annual performance plan goals.

The Revised FY 2001 annual performance goals are based on the assumption that the agency would experience level staffing and relatively stable case load.

Strategic Plan Goal 1: Mediation.
NMB mediation assistance will foster the prompt and peaceful resolution of collective bargaining disputes in the airline and railroad industries.

FY 2001 Mediation Performance Goals

I. Promptly and efficiently docket, assign and process mediation cases.

A. In all non-excepted cases,* mediation applications will be responded to within 3 business days following their receipt by the NMB.

Measurement: Quarterly

Baseline: For 1997, the target was achieved in 88 percent of the cases.

B. In all non-excepted cases, a mediator will be assigned within 14 calendar days following docketing of all mediation cases.

Measurement: Quarterly

Baseline: For 1997, the target was achieved in 91 percent of the cases.

C. In all non-excepted cases, the assigned Mediator will make an initial contact with the parties within 7 calendar days following his or her assignment in all mediation cases. Initial contact is satisfied by speaking with both parties or leaving a voice mail message with both parties.

Measurement: Quarterly

Baseline: For 1997, the target was achieved in 65 percent of the cases.

II. Promote, manage and provide effective and efficient mediation services.

A. In all non-excepted cases, the assigned Mediator will establish the date for the first mediation conference within 25 calendar days following the Mediator's assignment.

Measurement: Quarterly

Baseline: For 1997, the target was achieved in 17 percent of the cases. For 1998, the target was achieved in 65 percent of the cases.

*Upon recommendations of the Mediator and Senior Mediator, the Chief of Staff may except a case or cases from these standards.

B. In all non-excepted cases, subsequent mediation conferences will take place within 40 calendar days following the preceding conference.

Measurement: Quarterly

Baseline: For 1997, the target was achieved in 58 percent of the cases.

C. In all non-excepted cases, mediators will endeavor to assist the parties to reach an agreement in 45 days of actual joint meetings.

Measurement: Quarterly

Baseline: This is a new standard.

D. In all non-excepted cases, the mediator and the Board will endeavor to close mediation cases, on average, within 12 months of docketing.

Measurement: Quarterly

Baseline: This is a new standard.

Strategic Plan Goal 2: Representation
Upon the request of employees of an airline or railroad, the NMB will promptly investigate representation disputes and definitively resolve the employees' representation status for collective bargaining purposes.

FY 2001 Representation Performance Goals

I. Responses to representation applications will be issued promptly after their receipt at the NMB.

In all cases, a written response to a representation application will be sent within 3 business days.

Measurement: Quarterly

Baseline: For FY 1998, the target was achieved in 94 percent of the cases.

II. An NMB investigator will be assigned to a representation matter promptly.

In all cases, an NMB investigator will be assigned to investigate representation matter within 5 business days following the initial NMB response in all cases, unless the NMB declines to process the application.

Measurement: Quarterly

Baseline: For FY 1997, the target was achieved in 100 percent of the cases.

III. **In all cases, the NMB's determination of whether there is sufficient showing of interest to warrant further investigation will be made within 45 calendar days of docketing all cases.**

Measurement: Quarterly

Baseline: This is a new standard

IV. **In all cases, a certification or dismissal will be issued within 3 business days of the ballot count.**

Measurement: Quarterly

Baseline: This is a new standard

V. **Representation cases will be completed as expeditiously as practicable.**

A. All non-appellate representation cases will be completed within 90 calendar days of docketing for all cases.

Measurement: Quarterly

Baseline: For FY 1998, the target was achieved in 88 percent of the cases.

B. All appellate representation cases will be completed within nine months of docketing for all cases.

Measurement: Quarterly

Baseline: This is a new standard.

(Note: An appellate representation case is one in which the matter to be resolved is beyond the authority of the investigator. Cases involving eligibility/craft or class appeals, jurisdictional issues, and election interference are examples of appellate cases. Only a distinct minority of NMB representation cases are appellate, the clear majority are non-appellate.)

VI. **A planning conference will be utilized for large representation matters.**

A planning conference with representatives of the participants will be scheduled by the investigator within ten business days of the investigator's assignment for representation matters involving 5,000 or more employees in all cases.

Measurement: Quarterly

Baseline: This is a new standard.

VII. Predocketing investigations will be completed promptly.

All predocketing investigations will be completed within 90 calendar days following the investigator's assignment in all cases.

Measurement: Quarterly

Baseline: This is a new standard.

VIII. Jurisdictional referrals from the NLRB will be resolved promptly.

A jurisdictional opinion will be provided to the NLRB in writing within 90 calendar days following receipt of all jurisdictional referrals from the NLRB's headquarters.

Measurement: Quarterly

Baseline: This is a new standard.

Strategic Plan Goal 3: Arbitration
The NMB will promote prompt and orderly resolution of grievance disputes.

FY 2001 Arbitration Performance Goals

I. All arbitrators compensated by the NMB will be sent their payment within 10 business days following the NMB's receipt of an appropriate voucher.

Measurement: Quarterly

Baseline: For 1997, the target was achieved in 85 percent of the cases.

II. Reduce the average length of time between the hearing of cases and decisions by at least 5 percent.

Measurement: Quarterly

Baseline: This is a new standard.

Management Strategies

The National Mediation Board has six management strategies in pursue of its strategic and performance goals. These management strategies are a vital part of the NMB's management for results. The Board's strategic and performance goals set out what is to be accomplished. The management strategies set out how these goals are achieved. These strategies cut across all organizational boundaries within the agency and are key to performing the Board's missions efficiently and to providing the customers with consistent and seamless services. Most importantly, these management strategies help the Board work better together, provide higher performance with the same organizational capacity and resources.

The following management strategies, and specific measure and milestones will be used to judge the Boards managerial success in FY 2001.

Human Resources Management: Foster a diverse, highly skilled workforce capable of meeting or exceeding the NMB's strategic goals with efficiency, innovation, and a constant focus on better serving the Board customers now and into the future.

Workforce Planning: In FY 2001, the NMB will recruit and hire new mediators to support its strategic goals and initiatives.

Managing Diversity: The NMB will continue its efforts to build a talented workforce that reflects America and is unrestricted in its ability to pursue the NMB's goals.

Learning and Development: The NMB will strive for employee professional growth consistent with the needs of the agency and efficiency of its service. In FY 2001, the NMB will on a quarterly basis do the following:

- Monitor all mediator's participation in interest-based bargaining (IBB) and grievance mediation (GM) training programs, so that by the end of FY 2001, all mediators will have the knowledge of IBB vocabulary, concepts and problem solving techniques.
- In order to expand capacity to offer IBB, contract facilitation and GM, mediators will participate in training/facilitation cases as co-facilitator to refine facilitation skills and to develop capacity to manage IBB and GM cases. (GOAL: assign one Mediator per quarter)
- Use team mediation and facilitation to enhance individual skill development in situations identified during weekly case assignment meetings. Report instances quarterly. (GOAL: assign a team of mediators at least once per quarter)
- Review and implement the development program for managers, mediators and support staff and modify as appropriate.
- Conduct monthly mediator meetings and conferences with periodic presentations designed to enhance knowledge and skills of the mediators and staff.

- Compile user input for recommendations of change in the IBB and GM training modules.

- During weekly case assignment meetings, review case scheduling and tracking activities to ensure integration of IBB into mediation case load. Monitor weekly, report quarterly.

Research and Development Management: Support constructive collective bargaining with the parties.

Strategic Planning: The NMB will do the following during FY 2001:

- Explore the feasibility of expanding scope of the IBB program to other Government agencies within the air and rail transportation.

- Study and report to the Board on joint academic/NMB partnership ("Virtual Institute") for IBB and GM activity. Requires market research, financial feasibility and acceptability to the parties under the RLA.

- Promote, provide and facilitate IBB in the air and rail industries. (GOAL: 20 promotional events per annum, 13 training events per annum, and 2 facilitation events per annum.)

- Assess legality, feasibility and desirability, through appropriate U.S. Government agencies, to create contacts, with similar agencies in other countries, to develop an international conference on dispute resolution due to the globalization of both the airline and railroad industries.

Information Technology Management: Improve mission performance, system integrity, communications, and productivity through systems that are secure, reliable, compatible, and cost effective.

Strategic Planning: The NMB will reorganize and redirect its information technology resources to better support mediation staff and enhance customer service in FY 2001:

- Report from selected users to identify and correct any problems with case management system and make recommendations for any appropriate changes.

- Working with the vendor, schedule and conduct users group meetings to develop in-house expertise in the agency's common software.

- Conduct ongoing evaluations of the system's performance, initiating improvements, upgrades and changes as necessary and provide biweekly status reports.

- Maintain current information regarding hardware and software advances.

- Reexamine NMB document and records management security and align with newly implemented records and file management procedures and NMB operations.

Productivity Enhancement: The IT staff will streamline the work process by:

- Developing and delivering training to staff on agency software.
- Conduct survey to determine need for staff training on all agency software.

Customer Service Management: Deliver the results to the NMB customers (internal and external) more effective and efficiency.

Strategic Planning: The NMB will do the following during FY 2001:

- Promote labor-industry dialogues on issues of industry concern by marketing the need and support for IBB and GM conferences.
- Maintain user group of carrier and labor officials who are supportive of providing ready access to airline and railroad collective bargaining agreements.

Financial Management: Ensure sound financial management of the NMB resources.

Strategic Planning: The NMB will do the following during FY 2001:

- The NMB will prepare, revise and implement the NMB budgets to ensure that funds are available for the Board's priorities and are allocated to effectively achieve the strategic goals of the agency.
- The NMB will prepare, revise and implement the NMB annual report, performance report and other GPRA related tasks to ensure alignment with the NMB strategic goals.

Operational Processes: Ensure the information received by external customers is reliable and timely.

- Manage public information and press relations in keeping with NMB mission effectiveness.
- Conduct an NMB website and public information customer satisfaction survey.

Verification and Validation

The FY 2001 Annual Performance Plan was developed by management and program staff in consultation with labor and management. This involved the evaluation of workload trends and the review of historical workload data. Discussions concerning goals, targets and measures were held with other Federal agencies. NMB annual performance goals were based on the assumption that the agency will have a relatively stable case intake.

The NMB measures its progress in meeting its performance goals through customer feedback, staff discussion, and the use of the agency's case management system. Feedback from labor, management and neutral parties is continuous and an integral part of managing the agency. Through weekly managers' meeting, department staff meetings, and full quarterly reviews, agency management is able to identify problems and make adjustments in work processes or resource levels. The NMB develops work plans and establishes deadlines for all projects including those performed by contractors. When computer upgrades are fully completed, the case management system will be able to monitor, measure and report case activities and production within mediation, representation and arbitration program areas. This will enable the NMB to determine whether agency or departmental program activities are on track to meet annual performance plan and strategic plan targets and goals.

The NMB is developing a management audit and evaluation system to determine program effectiveness and to foster program improvements. This will involve measures of customer satisfaction concerning current services and the identification of any additional services that may be necessary to serve the parties. Case statistical data will be reviewed to identify trends. Evaluation and feedback data will be used to determine the effectiveness of major programs as well as training, facilitation and alternative dispute resolution services.

APPENDIX F

FY 2000 Revised Performance Plan

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Introduction

The Revised FY 2000 NMB Performance Plan serves as the Agency's operating plan. The revision clarifies and adds detail to the original plan. It also consolidates overlapping performance goals and eliminates duplication. Some goals and objectives in the original plan are now included and tracked as a part of the individual departmental work plans. The Revision is fully aligned with the current NMB Strategic Plan. The three strategic outcome goals for the NMB mediation, representation and arbitration activities are highlighted and appear in their respective sections of the annual performance plan. The individual annual performance plan goals are strategies for achieving the current strategic plan goals.

Mission Statement

The National Mediation Board (NMB), established by the 1934 amendments to the Railway Labor Act of 1926, is an independent agency that performs a central role in facilitating harmonious labor-management relations within two of the nation's key transportation modes-the railroads and airlines. Pursuant to the Railway Labor Act, the NMB programs have provided an integrated dispute resolution process that effectively has met the statutory objective of minimizing work stoppages in the airline and railroad industries. The NMB's integrated process specifically are designed to promote three statutory goals:

- The prompt and orderly resolution of disputes arising out of the negotiation of new or revised collective bargaining agreements;
- The effectuation of employee rights of self-organization where a representation dispute exists; and
- The prompt and orderly resolution of disputes over the interpretation or application of existing agreements.

Resources Received to Meet FY 2000 Performance Goals

The National Mediation Board (NMB) received $9,600,000 and 52 FTE employees for the total program. These resources will enable the NMB to meet its statutorily mandated obligations and provide services to its airline and railroad labor-management and public customers, by achieving the goals contained in the current strategic plan and the annual performance plan. Seventy-five percent of the NMB's budget is attributed to FTE and contractual personnel costs. More than 90 percent of NMB staff enjoy direct customer contact and the staff is dedicated to fulfilling the mission of the NMB and providing the services described in the annual performance plan goals.

The Revised FY 2000 annual performance goals are based on the assumption that the agency would experience level staffing and relatively stable case load.

Strategic Plan Goal 1: Mediation
NMB mediation assistance will foster the prompt and peaceful resolution of collective bargaining disputes in the airline and railroad industries.

FY 2000 Mediation Performance Goals

I. Promptly and efficiently docket, assign and process mediation cases.

A. In all non-excepted cases,* all mediation applications will be responded to within 3 business days following their, receipt by the NMB.

Measurement: Quarterly

Baseline: For 1997, the target was achieved in 88 percent of the cases.

B. In all non-excepted cases, a mediator will be assigned within 14 calendar days following docketing of all mediation cases.

Measurement: Quarterly

Baseline: For 1997, the target was achieved in 91 percent of the cases.

C. In all non-excepted cases, the assigned Mediator will make an initial contact with the parties within 7 calendar days following his or her assignment in all mediation cases. Initial contact is satisfied by speaking with both parties or leaving a voice mail message with both parties.

Measurement: Quarterly

Baseline: For 1997, the target was achieved in 65 percent of the cases.

D. In all non-excepted cases, the assigned Mediator will establish the date for the first mediation conference within 25 calendar days following the Mediator's assignment in all mediation cases.

Measurement: Quarterly

Baseline: For 1997, the target was achieved in 17 percent of the cases. For 1998, the target was achieved in 65 percent of the cases.

*Upon recommendations of the Mediator and Senior Mediator, the Chief of Staff may except a case or cases from these standards.

E. In all non-excepted cases, subsequent mediation conferences will take place within 40 calendar days following the preceding conference in all mediation cases.

Measurement: Quarterly

Baseline: For 1997, the target was achieved in 58 percent of the cases.

Strategic Plan Goal 2: Representation
Upon the request of employees of an airline or railroad, the NMB will promptly investigate representation disputes and definitively resolve the employees' representation status for collective bargaining purposes.

FY 2000 Representation Performance Goals

I. **Responses to representation applications will be issued promptly after their receipt at the NMB.**

In all cases, a written response to a representation application will be sent within 3 business days for all requests.

Measurement: Quarterly

Baseline: For FY 1998, the target was achieved in 94 percent of the cases.

II. **An NMB investigator will be assigned to a representation matter promptly.**

In all cases, an NMB investigator will be assigned to investigate representation matter within 5 business days following the initial NMB response, unless the NMB declines to process the application.

Measurement: Quarterly

Baseline: For FY 1997, the target was achieved in 100 percent of the cases.

III. **In all cases, the NMB's determination of whether there is sufficient showing of interest to warrant further investigation will be made within 45 calendar days of docketing all cases.**

Measurement: Quarterly

Baseline: This is a new standard

IV. **In all cases, a certification or dismissal will be issued within 3 business days of the ballot count, unless timely post-election filing (i.e., allegations of election interference or motion for reconsideration) are made for all cases.**

Measurement: Quarterly

Baseline: This is a new standard

V. **Representation cases will be completed as expeditiously as practicable.**

All non-appellate representation cases will be completed within 90 calendar days of docketing for all cases.

Measurement: Quarterly

Baseline: For FY 1998, the target was achieved in 88 percent of the cases.

Strategic Plan Goal 3: Arbitration
The NMB will promote prompt and orderly resolution of grievance disputes.

FY 2000 Arbitration Performance Goals

I. **All arbitrators compensated by the NMB will be sent their payment within 10 business days following the NMB's receipt of an appropriate voucher.**

Measurement: Quarterly

Baseline: For 1997, the target was achieved in 85 percent of the cases.

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Management Strategies

The National Mediation Board has six management strategies in pursue of its strategic and performance goals. These management strategies are a vital part of the NMB's management for results. The Board's strategic and performance goals set out what is to be accomplished. The management strategies set out how these goals are achieved. These strategies cut across all organizational boundaries within the agency and are key to performing the Board's missions efficiently and to providing the customers with consistent and seamless services. Most importantly, these management strategies help the Board work better together, provide higher performance with the same organizational capacity and resources.

The following management strategies, and specific measure and milestones will be used to judge the Boards managerial success in FY 2000.

Human Resources Management: Foster a diverse, highly skilled workforce capable of meeting or exceeding the NMB's strategic goals with efficiency, innovation, and a constant focus on better serving the Board customers now and into the future.

Workforce Planning: In FY 2000, the NMB will recruit and hire new mediators to support its strategic goals and initiatives.

Managing Diversity: The NMB will continue its efforts to build a talented workforce that reflects America and is unrestricted in its ability to pursue the NMB's goals.

Learning and Development: The NMB will strive for employee professional growth consistent with the needs of the agency and efficiency of its service. In FY 2000, the NMB will on a quarterly basis do the following:

- Monitor all mediator's participation in interest-based bargaining (IBB) and grievance mediation (GM) training programs, so that by the end of FY 2000, all mediators will have the knowledge of IBB vocabulary, concepts and problem solving techniques.
- In order to expand capacity to offer IBB, contract facilitation and GM, mediators will participate in training/facilitation cases as co-facilitator to refine facilitation skills and to develop capacity to manage IBB and GM cases. (GOAL: assign one Mediator per quarter)
- Use team mediation and facilitation to enhance individual skill development in situations identified during weekly case assignment meetings. Report instances quarterly. (GOAL: assign a team of mediators at least once per quarter)
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- During weekly case assignment meetings, review case scheduling and tracking activities to ensure integration of IBB into mediation case load. Monitor weekly, report quarterly.

Research and Development Management: Support constructive collective bargaining with the parties.

Strategic Planning: The NMB will do the following during FY 2000:

- Explore the feasibility of expanding scope of IBB program to other Government agencies within the air and rail transportation.

- Study and report to the Board on joint academic/NMB partnership ("Virtual Institute") for IBB and GM activity. Requires market research, financial feasibility and acceptability to the parties under the RLA.

- Promote, provide and facilitate IBB in the air and rail industries. (GOAL: 20 promotional events per annum, 13 training events per annum, and 2 facilitation events per annum.)

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- Report from selected users to identify and correct any problems with case management system and make recommendations for any appropriate changes.

- Working with the vendor, schedule and conduct users group meetings to develop in-house expertise in the agency's common software.

- Conduct ongoing evaluations of the system's performance, initiating improvements, upgrades and changes as necessary and provide biweekly status reports.

- Maintain current information regarding hardware and software advances.

- Reexamine NMB document and records management security and align with newly implemented records and file management procedures and NMB operations.

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- Promote labor-industry dialogues on issues of industry concern by marketing the need and support for IBB and GM conferences.
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The NMB measures it progress in meeting its performance goals through customer feedback, staff discussion, and the use of the agency's case management system. Feedback from labor, management and neutral parties is continuous and an integral part of managing the agency. Through weekly managers' meeting, department staff meetings, and full quarterly reviews, agency management is able to identify problems and make adjustments in work processes or resource levels. The NMB develops work plans and establishes deadlines for all projects including those performed by contractors. When computer upgrades are fully completed, the case management system will be able to monitor, measure and report case activities and production within mediation, representation and arbitration program areas. This will enhance the agency's ability to determine whether agency or departmental program activities are on track to meet annual performance plan and strategic plan targets and goals.

The NMB will develop a management audit and evaluation system to determine program effectiveness and to foster program improvements. This will involve measures of customer satisfaction concerning current services and the identification of any additional services that may be necessary to serve the parties. Case statistical data will be reviewed to identify trends. Evaluation and feedback data will be used to determine the effectiveness of major programs as well as training, facilitation and alternative dispute resolution services.

WEDNESDAY, APRIL 13, 2000.

UNITED STATES INSTITUTE OF PEACE

WITNESSES

RICHARD H. SOLOMON, PRESIDENT, UNITED STATES INSTITUTE OF PEACE
CHESTER CROCKER, CHAIRMAN OF THE BOARD OF DIRECTORS, UNITED STATES INSTITUTE OF PEACE
HARRIET HENTGES, EXECUTIVE VICE PRESIDENT, UNITED STATES INSTITUTE OF PEACE
CHARLES E. NELSON, VICE PRESIDENT, UNITED STATES INSTITUTE OF PEACE

INTRODUCTION OF WITNESSES

Mr. PORTER. The subcommittee will come to order. Before we recognize the United States Institute of Peace, I want to read into the record that this is the last regular hearing of this year. We have had 77 total hearings; 32 hearings for the Department of Health and Human Services, 10 for the Department of Education, 7 for the Department of Labor, 13 hearings for independent agencies under our jurisdiction. We have had 61 Members testify and 190 public witnesses testify individually.

This is a huge workload, and I want to thank the members of our staff. Tony, Carol, Susan, Jeff, Francine, and Tom have done an absolutely marvelous job for us. They are true professionals. We are dependent on their knowledge and judgment for the decisions that we make, and we are blessed to have such capable and honorable people serve as our staff of this subcommittee. I know that Members on both sides of the aisle feel this way.

Our last but not least, the United States Institute of Peace, and we are pleased to welcome Dr. Richard H. Solomon; the Director; Chester Crocker, the Chairman of the Board of Directors; Harriet Hentges, the executive vice president, and Charles Nelson, the vice president.

Nice to see all of you. I apologize for the long delay and appreciate your patience.

Dr. Solomon.

OPENING STATEMENT

Mr. SOLOMON. Thank you, Mr. Chairman. It really is an honor again, for my colleagues and myself, to have this opportunity to report to you on our work and specifically to review with you our request for our fiscal year 2001 appropriation request of $14,450,000. This amount is an increase of just about a million and a half dollars over the Institute's fiscal year 2000 appropriation. This increase is much needed to make possible, in particular, expansion of our Balkans work, further development of our conflict resolution

training activities, creation of new educational programs, and to help fill a gap in the Arab-Israeli peace process—I am sorry, the Israeli-Palestinian peace process.

INSTITUTE ACCOMPLISHMENTS

Fifteen years have passed since the Institute's creation in 1984. Can we say that we have made a difference? Mr. Chairman, I believe the answer is an unqualified yes. We can say with confidence that the work of the United States Institute of Peace is strengthening our nation's ability to deal with conflicts around the world by political processes and to achieving America's foreign policy goals by means short of war.

How is this so? How can we make that statement? We are training professionals in conflict management and peacemaking skills. And there is now a worldwide network of more than 150 former Institute fellows serving as professionals in conflict management around the world. As examples I might cite Adnan Abu Odeh, who was selected as the chief political adviser to the new King of Jordan; or Colonel Jim Warner, who commanded the U.S. brigade in Tuzla after his year with us as an Army Fellow. As I indicated, these individuals are some of the over 150 former Fellows who are the alumni of our programs. They are the human embodiment of the work and the purposes of the Institute of Peace, the people who are implementing the skills that are the result of our training programs.

The Institute is helping former adversaries find common ground. There is a deeper understanding among communities in conflict—Kosovar Albanians and Kosovar Serbs, Chinese from Taiwan and mainland China, Palestinian and Israeli youth—of the costs of unending conflict as a result of the frank and constructive dialogues facilitated by the Institute.

We have shown senior officials in such places as Indonesia and Bosnia how processes of reconciliation and justice can help create sustainable peace through the rule of law. We have expanded the range of policy options for senior officials here and abroad through the workshops and writings that are much of our work day to day, giving alternatives to the use of force—most notably, perhaps, through the efforts of our Korea Working Group.

We have developed flexible and mobile training programs to help professionals in many countries become state-of-the-art conflict managers—in the Balkans and Southeast Asia and elsewhere.

Institute publications, now widely used in university teaching and research, are expanding the body of knowledge about the underlying sources of conflict in today's world and approaches to dealing with them.

We are developing curricula on conflict resolution to help educators attract the next generation of practitioners and thinkers to careers in international affairs.

As a result of our work, a growing number of leaders from the U.S. and abroad now turn to the Institute as an independent, nonpartisan forum to address questions of international conflict. In the past 2 years, world figures, led by President Clinton and including the Presidents of Ecuador and Peru, and Mr. Chen Shui-bian, the newly elected President of Taiwan, have chosen the Institute as a

platform for major policy addresses or as a vehicle for policy development workshops. They tell us that we are making a difference for peace.

PROMOTING PEACE IN THE BALKANS

Mr. Chairman, let me briefly review the programs that we propose to expand in the coming year. First and most time-urgent are activities designed to build and keep the peace in the Balkans. The Institute has made a special effort in the Balkans for 5 years, developing a mixture of mutually reinforcing programs both on the ground in the region and here in Washington.

Our projects in the Balkans are extensive and numerous. We are supporting peace implementation efforts in Croatia, Bosnia, and Kosovo and activities designed to prevent further armed conflicts in Serbia, Albania, Macedonia, and Montenegro.

When Serbs and Albanians met at Rambouillet in early 1999, two of the delegates had had the benefit of Institute training programs in negotiating skills. We are currently working with the U.S. Army to provide conflict resolution and negotiation training to Serbs and Albanians in the U.S. sector of operations, and we are collaborating with the State Department to bring Kosovo Serbs and Albanians together to develop a tolerance for ethnic differences in Kosovo.

The themes of our Balkans work are stabilization and security, prevention of new or escalating conflicts, and support of indigenous and regional efforts to promote peace and security. To these ends, we will use additional funds requested for fiscal year 2001, among other things, to expand the efforts to bring Serbs and Albanians in Kosovo into dialogue; focus on reconciliation efforts in Brcko by bringing together local groups; support grass-roots conflict prevention efforts in those parts of Montenegro where future violence may break out; continue to support the creation of a truth and reconciliation commission in Bosnia; work to prevent conflict in Macedonia and Albania, specifically through conflict resolution training as well as sessions of facilitated dialogue; and we plan to work with educators in the Balkans who are now at the front lines of conflict prevention as they promote curriculum reform and textbook revision related to conflict resolution.

In Washington, the Institute's Balkans Working Group continues to provide a unique forum for administration officials, regional experts, and private sector NGOs active in the Balkans to exchange information, develop policy options, and build consensus on steps needed to secure peace in that region.

We strongly believe that our peacekeeping efforts in the Balkans are an essential element to stabilizing that troubled region and protecting our national investment in peace there. National Security Advisor Samuel Berger and U.N. Ambassador Richard Holbrooke have acknowledged our important role in this regard. Secretary of State Madeleine Albright has written to me that it is her hope, quote, that the Institute will be able to expand its resource base both to carry on its important work in this region, and to meet new challenges as they arise, close quote.

CONTINUING EXPANSION OF PRACTITIONER TRAINING

Closely related to our Balkans work are efforts to expand training activities for practitioners in conflict management and negotiation skills. Of all the Institute areas of activity, our training program has shown the greatest growth and evolution over the past year. We are benefiting from the seasoned leadership in our training efforts of Ambassador George Ward, who, encouraged by your support for this work, Mr. Chairman, has rapidly developed our training programs.

By several measures, the ongoing expansion of the Institute's training activities has been notably successful. The number of persons trained increased by 400 percent between fiscal year 1997 through fiscal year 1999. This current fiscal year we project another increase of 65 percent in the number of individuals trained over last year.

Perhaps just as, or more, important than the numbers of individuals trained, training evaluations are enthusiastically positive, with former students telling us of concrete instances in which Institute training helped them better manage real-life conflict situations in their professional assignments. The Institute's worldwide network of partnering training organizations has been strengthened, and our partners regularly provide financial and/or in-kind support for our joint efforts.

We continue to train practitioners involved with conflict management in every area of the world. We maintain strong institutional associations abroad with a range of international organizations. Within the United States we work in cooperation with the Department of State, the Agency for International Development, the Department of Defense, the Federal Mediation and Conciliation Service, and federally-funded research and development organizations.

Let me mention just two of our many training initiatives to illustrate the nature and the variety of our programs. Police training is an interesting example. Physical security, of course, is crucial to postconflict stability, as is a keen understanding of local circumstances. These are the objectives of our police training as in a recent orientation program for all U.S. police officers who volunteer for service as international police in Bosnia, Kosovo, and East Timor. We will also train police, together with local Balkan officials, community leaders, and international police monitors on problems of policing in a democratic political environment.

And there is a program entitled Women Waging Peace. The institute has played an integral role in training a worldwide network of women leading conflict resolution efforts in their local communities. This past year we worked with 110 women community leaders brought together at Harvard University from 10 different zones of conflict around the world to address their own experiences in conflict management and resolution.

The increased funding requested for fiscal year 2001 will be devoted to working with vulnerable governments and local organizations in Southeastern Europe and the former Soviet Union to reduce the likelihood of ethnic and religious conflict. Our objectives are to prevent new Bosnias and Kosovos; to upgrade the skills of Americans, both civilian and military, who are assigned to work in

peace operations; and to focus on conflict areas in Africa, Asia, and Latin America.

EDUCATING THE EMERGING GENERATION

Now let me briefly comment on our work in educating emerging generations. To create a less violent world, we have to do a better job of educating new generations of potential leaders about the difficult challenges they will face, the options that they might have in responding to future conflict situations, and an awareness of the range of peacemaking skills available to professionals. We are therefore proposing to expand significantly our educational activities, both within the United States and abroad.

In the United States we plan to double the number of Institute-run, high-demand faculty curriculum enrichment programs, allowing us to work with hundreds of high school, college, and graduate school faculty from New York to Hawaii who are teaching the emerging generation of potential peacemakers. Similarly, building on Institute-supported cutting-edge research, the annual peace essay contest and path-breaking Institute books on negotiating skills and the art of third-party mediation, we plan to intensify the development of teaching materials—written, audiovisual, and interactive—to prepare this next generation.

Outside of the United States, we plan to work with faculty in countries in conflict using educational programs as a means of building conflict resolution capacity.

SUPPORTING THE ARAB-ISRAELI PEACE PROCESS

Finally, we propose to fill a gap in the Israeli-Palestinian peace process. Peace between Israelis and Palestinians will require cooperation on a myriad of routine legal issues: Which laws apply? Whose court has jurisdiction, and who will enforce the court's decision? Without a fair legal process, a minor issue such as an automobile accident can become a larger political incident, and too often does.

At the request of senior Israeli and Palestinian officials, the Institute has organized a special dialogue on Palestinian-Israeli legal matters, working under a previously nonoperative provision of the Oslo Accords. The Institute is requesting for the coming fiscal year additional funds to help build professional relationships between these two legal communities to help them jointly explore a range of common operational issues, a process that they have not been able to undertake without outside facilitation and that no other international party is now supporting.

The Israeli and Palestinian Ministers of Justice have both expressed to us their appreciation of the Institute's efforts in this area and requested our assistance in developing further joint activities designed to promote day-to-day relationships grounded on the rule of law. Senior U.S. officials also have urged us to expand this effort as an important element in the overall Middle East peace process.

Given the substantial increase in the Institute's programmatic work, Mr. Chairman, it is important that we maintain the strength and effectiveness of our administrative and support units. For this

reason we are planning a modest increase in staffing for the Institute's publications and administration activities.

DEVELOPING A PERMANENT HEADQUARTERS

Before concluding, Mr. Chairman, I would like to touch on two other activities that I think are worthy of mention here. As you know, the Institute is continuing to advance its project for a permanent headquarters facility at 23rd Street and Constitution Avenue here in Washington. Fundraising is ongoing, and we have now raised over $2.5 million from private sources, and I am pleased to say that just yesterday we received from a private family foundation a $1.5 million donation to this project.

At the building site, the Institute has completed boundary and topographical surveys, and is conducting the analysis required for what is technically termed an "architectural program." That is an assessment of how much space we need to carry out our work now and in the future. This survey has established the size of a building that can be constructed on the site and the rough dimensions of a facility that will serve the Institute's needs as best we can anticipate them well into the new century. We expect to move forward in selecting an architectural design team later this year.

UTILIZING INFORMATION TECHNOLOGY

Let me stress, Mr. Chairman, that the Institute's permanent facility will be more than a bricks-and-mortar institution. We intend it to be, in the argot of our times, a "clicks-and-mortar" enterprise. As part of the architectural work, we are designing a cyberstructure for this building. This is the "clicks" part of the equation, to capture the benefits of the telecommunications revolution, to give the Institute the kind of global outreach that is now made possible by advanced communication technologies, but without requiring a major increase in staffing size.

As an example of the power of this technology, I might mention that we recently began Webcasting our current issues meetings, and one such recent session, which was a review of a book that we recently published on the challenges of negotiating with the North Koreans, reached a global audience. During this Webcasting session, we had a real-time call-in question over the Internet that came in from, of all places, Mongolia—as well as from other parts around the world. This gives us a dramatic example of the kind of global outreach that this new technology affords the Institute.

In closing, Mr. Chairman, 15 years is enough time for us to have made an impact, but it is clearly too short a time to fully realize the promise of the Institute's charter from Congress. I believe we have laid a solid foundation in our programs that will train the talent for better managing international conflict well into the 21st century. A century from now I believe our successors will look back and be appalled by the primitive way that we dealt with conflict in this just-concluded 20th century, not to mention in earlier times.

Before I conclude, I would like to give Dr. Chester Crocker, the Chairman of our Board, an opportunity to make a comment or two about our work.

EXPRESSION OF APPRECIATION

Mr. CROCKER. Thank you very much, Ambassador Solomon.

Mr. Chairman, it is great to be with you again. This is the last of a long series of hearings you have held, and I will be very brief.

I want to say a word of thanks on behalf of the Board of Directors for your support during the past 6 years that you have been Chairman—and long before that as well—on your service in this committee.

You have heard Ambassador Solomon say that we are making a difference. And he is right, but I would like to add that you have made a difference in your support for this organization. We appreciate it. Your commitment to our training and education programs has urged us on so that today we can hardly keep up with the demand for our services. And I think what Ambassador Solomon has indicated, that we are scrambling to keep up with the demand for our work, and we are going to keep ahead of the curve if we can. And we appreciate your support. This investment, yours and ours, is a long-term commitment to America's future and for a future of goodwill and peace. This is what this Institute is all about.

We wish you well. We thank you for your support, and we hope to stay in touch. Thank you, Mr. Chairman.

PLANS FOR PERMANENT HEADQUARTERS

Mr. PORTER. Thank you for those very kind words. I have been a fan of this concept and this institution from the very beginning. And let me ask some kind of nuts-and-bolts questions first. What was your first year appropriation, do you remember?

Mr. SOLOMON. About $5 million.

Mr. PORTER. We haven't made nearly enough progress. All right.

How much money is needed to build the building? I realize you are not even into the architectural program, but what do you estimate you need to get this done?

Mr. SOLOMON. We are raising money for three purposes: first, the physical construction of the building; second, we want to raise an endowment for operations and maintenance costs, to keep up the facility so that we are not drawing so heavily on our annual appropriation; and third, a small endowment for program-related hospitality.

I should also add, built into this effort are the costs of fundraising, which we are trying to keep to a minimum, and also the architectural work. We now estimate that the total cost is going to be something in the range of 50- to $70 million.

Mr. PORTER. How much of that is nonendowment fund, in other words, actual construction, do you estimate?

Mr. SOLOMON. The first very rough cut of cost based on square footage estimates was something in the range of 25- to $30 million.

Mr. PORTER. Well, Dr. Solomon, I need to correct—I described your position as Director. You are president of the U.S. Institute for Peace.

Mr. SOLOMON. I feel like a quarterback.

EXPANDING SUPPORT FOR THE INSTITUTE

Mr. PORTER. You are the quarterback then.

I think the Institute of Peace has more than met our expectations over the years. You are really everywhere where there is need for conflict resolution and ahead of the existence of many. Unfortunately, human beings have a proclivity to continue to create them at too large a rate. It is like dealing with human rights problems. There seems to be an unending supply, and you hope to reduce that over a period of time, and that is, of course, what your purpose is in reducing conflicts and heading them off before they can do real damage.

It seems to me that—and these are comments more than questions—but it seems to me that not enough is known outside of government circles about your work. I doubt very much that most Members of Congress know much about it at all, and somehow we have got to correct that because they ought to know about it. They ought to be inspired about it. They ought to be supporters of it. And we need to do something to change that lack of knowledge, and I am stating the issue without stating how to do it. It is hard to do, obviously, and I realize that, but somehow there has got to be a greater understanding, at least outside this subcommittee, of what it is you do and why you are making a difference as you are.

Mr. SOLOMON. Could I just comment on that briefly?

Mr. PORTER. Sure.

Mr. SOLOMON. We fully realize the importance of trying to both broaden understanding and support in Congress for our work. What we have learned over the last few years is that, given our modest size as an organization, it is particularly important for us to work with congressional staff, who are the main folks focusing on our work. We make a consistent effort to invite staff to our programs, and in other ways make sure they understand what we are up to.

Secondly, we have designed a number of programs to be held here on the Hill to make it easier for the Members to participate in programs. For example, one of our very inspiring programs is called Seeds of Peace and brings together youngsters from Israel, from the Palestinian areas, from the contending areas of Cypress, and from the Balkans Teenagers at this very impressionable age deal with each other in a supportive environment, draw out their hostilities, their stereotypes, and get to see that they can work together. We published a book on this experience and held a book-launching party here on the Hill that had, I think, seven or eight Members of Congress come to the event. So it is those kinds of activities we work on to try to broaden understanding here in Congress.

The irony is, Mr. Chairman, that in some ways we are better known abroad than we are in this country. If you go to the Balkans, if you go to South Korea, if you go to certain areas in the Middle East, you will find that the Institute of Peace is better known than it is here in Congress.

Mr. PORTER. We have got to change that. That, for example, getting young people together who might otherwise learn only one side is, to my way of thinking, wonderful work that we need to provide tremendous support for, and we are not doing nearly enough to make that happen. Are there any similar institutions in other

countries like yours; in other words, that are separate agencies, not part of their diplomatic apparatus?

Mr. SOLOMON. There are a number of private foundations and some government-supported institutions.

Mr. PORTER. Where are the countries that have government-supported institutions?

Mr. SOLOMON. Canada, Norway, Switzerland. There are a number of foreign affairs-oriented organizations—what you might call "think tanks"—in Indonesia, in Japan, in China, not necessarily directly oriented to our work, and we have begun to do some partnering with these folks. But, again, our resources are stretched to the limit.

What we are finding, and our Chairman just underscored this for me, is our use of the Web site—our ability to reach out through electronic mail, and our Institute Web site, is turning out to be an extremely cost-effective outreach vehicle for this institution. We find that our Web site is now visited by people around the country and the world over 10,000 times per week when there is some particularly active event under way. We have had on occasion 10,000 hits per day on our Web site, so we are finding this is a very cost-effective and a dramatically visible way of reaching out to people interested in our work.

INSTITUTE RELATIONSHIP WITH EXECUTIVE BRANCH

Mr. PORTER. Describe for me your relationship with our State Department, realizing that you have many people who have been at the State Department on your faculty. But is there a good working relationship and a positive experience in the two?

Mr. SOLOMON. I guess the way to put it is as the State Department, and the National Security Council and the Pentagon learn about our work, we are under increasing demand to work with them—in no small measure because we have certain resources they don't have. Their own budgets are stretched and they increasingly turn to us and look to partner with us in ways that are increasingly operational.

When I first came to the Institute some 6 years ago, the policy planning staff of the State Department asked that we collaborate in a study of what was then a notion of "preventive diplomacy." Since that time our work with the State Department has become increasingly operational. For example, a few months ago State asked us to organize for them a seminar with senior Indonesian officials—the Minister of Human Rights, the Attorney General, and several others—to explore how other countries had dealt with the legacy of human rights violations. So we, working with the State Department, put together such a program.

Last fall our Chairman and our Executive Vice President, Harriet Hentges, convened a meeting at the Lansdowne Conference Center of the Kosovar Albanian leadership, to try to get them to see the role they could play in the peace process in Kosovo. We offered similar activities to the Serb communities. We did one program with Kosovar Serbs in Sofia, again with State Department collaboration or encouragement. So we are increasingly moving from an institution generating knowledge to one that is becoming quite operational.

Mr. PORTER. You then see yourselves as both teachers and as operations people? You see both roles?

Mr. SOLOMON. Teachers in the sense of educators, trainers in the sense of preparing professionals for operational roles, and to some degree playing a hands-on operational role on our own part.

Mr. PORTER. If we are having a negotiation—a part in the negotiation between Israel and the Palestinians, let's say, how are you brought into this process? Are you invited in by our State Department for a specific role? Do you initiate this yourself saying, we have a role that we can help play? How do you go about becoming a part of this process, or is it just automatic?

Mr. SOLOMON. The answer, in a sense, is "all of the above." The example I mentioned of our work with both the Palestinian and Israeli officials on rule of law promotion really came about because of the initiatives of Neil Kritz, who runs our Rule of Law program, but the State Department involved in overall responsibility for the peace process supported this.

Mr. PORTER. Did they call you and say, we need you to do this? In other words, how do you get into the process?

Mr. SOLOMON. Once we had demonstrated an initial success through contacts by Mr. Kritz, then we got a call from the officials saying, "we need more of this."

There is another example I might cite. We ran a facilitated dialogue between the Chinese from Taiwan and from the China mainland several months ago. This was before the recent election. These are people who had stared at each other across the Taiwan Strait but had never met face to face. They had 3 days of what turned out to be a promising dialogue. They saw where their differences were, but expressed an interest in cooperation. Following the Presidential election, we are now being approached by people on the Taiwan side to help them further develop a dialogue with the mainland. So it is an interactive—it is an active/interactive process.

In the case of the legal activities, our Chairman reminds me that Father Ted Hesburg, who, as you know, is on our Board, is on the so-called "anti-incitement commission," which is part of the Wye agreement. This commission encourages Israeli and Palestinian communities, through their press, their textbooks, not to incite more hostility and stereotypical views of the other. Father Hesburg has been dealing with the people in the region, and he has played a role in stimulating awareness of what the Institute could do in the rule of law area.

NEED TO PUBLICIZE WORK

Mr. PORTER. Dr. Solomon, it seems to me, for example, the Balkans, although it drops off the major news focus, it is a huge success story. Yes, there are still problems, but think of the fact that people aren't getting killed there. People are living in relative peace. We are teaching younger generations to be sensitive to one another and through your efforts in an area where people have killed each other for a long, long time whenever they got the opportunity to.

The point I want to make here is not enough people know that it is a success, and not enough people get information as to the role of the U.S. Institute of Peace in respect to that success. I am not

saying you should hire a publicist, but—I am serious about this—but I do believe that you have to somehow get up on the screen of the news networks, not necessarily the nightly news, but the analysis—I don't know, the New York Times Magazine, whatever resonates with people, what you are doing and how you are helping to make a difference.

I realize there is some risk in that: If something goes wrong, you also get part of the blame. But it seems to me we have got to sort of raise consciousness that this effort is going on in our country, that we are providing this leadership out across the world, that other people in the world understand it and appreciate it, and that you are making a difference in holding down the level of conflict and anticipating heading off conflict everywhere.

Mr. SOLOMON. Mr. Chairman——

Mr. PORTER. I know you are going to say you need more money to do that.

Mr. SOLOMON. No. What I was going to say is that you just helped me in a little debate we are having internally. We looked at the issue of hiring someone to further our press outreach and have a trade-off between bringing someone in to raise our visibility in that regard versus putting staff into other areas of activity.

UNMET BUDGETARY NEEDS

Mr. PORTER. That gets back to the money thing. Do you have a professional judgment budget that you submit; in other words, your wish number?

Mr. SOLOMON. We generally look at what we can cope with roughly at our present size of activity.

Mr. PORTER. Let me ask it this way: What was the number you submitted to OMB before this number found its way into the Presidential budget?

Mr. SOLOMON. $14.9 million.

Mr. PORTER. About $500,000 more.

Mr. SOLOMON. The point I wanted to make is we had a discussion with them and came to an agreement on a number. We asked for the additional amount, but ended up agreeing with them on a smaller figure.

Mr. PORTER. If you had $5 million more in your budget, what could you do with that money that you can't do now?

Mr. SOLOMON. There are several areas of activity that I think are worth expanding. One, we have unfunded educational programs at the undergraduate level that I think are worth expanding, and to some degree at the graduate level—again, to attract new generations into this work. I think we could very usefully expand the number of Fellows who we bring to the Institute. One of the unique aspects of our work is that we don't have a permanent research staff even though all of my colleagues who are on the staff have their areas of expertise. There is a tremendous demand to be a fellow of the Institute of Peace for a year and work on some war- and peace-related issue. About half our fellows are foreign nationals. It is very hard for folks from Northern Ireland, from the Middle East, from the former Soviet Union to find an opportunity to come to this country and work with colleagues from the United States on issues

of conflict management in their countries. We could expand the number of our fellows, let's say, by 10.

We could make an important investment in the infrastructure of electronic outreach, which has a tremendous leveraging effect on our work. For example, our National Peace Essay Contest: we now reach 7- or 8,000 kids around the country. We have the capacity through the Internet, through Webcasting, through teleconferencing, to start reaching 10 times that number. States around the country are beginning to wire up their classrooms. So we could, again, take the work that we do and give it much more outreach through a modest investment in the technology that will enable us to do so electronically.

I am tempted to ask my colleagues how they want to spend the money.

NEED FOR MORE EDUCATIONAL FUNDS

Ms. HENTGES. Let me add some specifics to what Dr. Solomon said. One of the areas we cut back after we submitted our budget to OMB was work supporting education in foreign zones of conflict. We think that some of the work we do now with high school and college and university teachers in the U.S. is valuable. We requested funds for doubling that effort in the U.S., but we can also do that work in the Balkans and some of the other zones of conflict. But we had to scale that back. Right now all we have been able to plan is some help with textbook revision and curriculum reform, but there is certainly more that can be done with educators there.

We also have, I think, some programs with the next generation in the zones of conflict where you replicate the successful experience of dialogue across differences. So I think that is an important area. Very often the training programs that we do lead to facilitation opportunities because of the information we provide and the confidence that they begin to have in us because of that experience. And so I think there are a number of ways that that could be expanded as well.

Mr. CROCKER. Mr. Chairman, if I could respond quickly to that challenge as well. This is an organization that has no slack in it at all. In fact, it is negative slack, and I have been on this Board for 9 years, most of those years as Chairman. I sometimes feel like it could be for life unless the appointment process can move a little swifter. In my experience looking at the organization grow and develop and reach out, there are lots of situations where we simply do not have the manpower, the person power, the horsepower to send out a response team to assess a situation, an opportunity, for example, for program development, for training, for education, for facilitation. We just don't have the horses. We are very much stretched.

So we feel—I think I can speak for everybody here—that there would be times when you wish there were just one or two more people who could respond to that situation at fast break, whether it is Indonesian transition, the development of a real humanitarian crisis in Sierra Leone where you might be able to do something.

Mr. PORTER. Well, I apologize for having to—we could talk a great deal more because you are doing so many interesting things. It seems to me there is a great deal of creativity and imagination

going into how you can make a difference with a lot of different programs aimed in a lot of different directions that shows people are really thinking these things through, and trying to change behavior, and anticipate problems. And I love the idea of working with young people in conflicted situations to try to change the result in the future. I think that is very, very important work.

We need to do a better job on your funding. At one time there were active hostile enemies in the Congress in the early years. I think that that has changed, although I don't want to test it to find out. I think that that has changed. And what we need to do is to find a way to give you additional resources so that you can take advantage of the opportunities that are there to make further difference, and I am not sure quite how to do that, but I know I would like to do it and want to do it, and we are going to have to look at creative and imaginative ways on this side to see how we can make the growth of this institution occur at a faster rate and allow you to do much more of what all of us understand is God's work and makes a difference in individual and country lives that is so important to the future of life on this planet.

So thank you for the wonderful job you do, and we will do our best to try to reflect that in our appropriations process. Thank you all for being here.

Mr. SOLOMON. Thank you, Mr. Chairman.

Mr. PORTER. The subcommittee stands in recess until May 2 at 10:00 a.m.

[The following questions were submitted to be answered for the record:]

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ENDOWMENT INTEREST

Mr. Porter: Dr. Solomon, your budget justification states that combined with your requested appropriation of $14.45 million and estimated interest, refunds and miscellaneous receipts of $670,000, your anticipated operating budget in fiscal year 2001 will be $15.120 million. How much interest do you anticipate the Institute will receive from funds held in the Endowment in fiscal year 2001?

Dr. Solomon: Mr. Chairman, the revenue estimate of $670,000 contained in our FY 2001 budget request included an estimate for FY 2001 of $180,000 in interest earned from interest-bearing bank accounts and Treasury bills. Based on our ongoing experience during FY 2000 we have reduced this estimate for FY 2001 to about $150,000. The final amount of interest earned in any fiscal year varies depending upon the timing of apportionment and transfer of funds to the Endowment from the U.S. Treasury, the rate of the Endowment's cash flow, and the level of interest rates available.

INCREASED FUNDING REQUESTED

Mr. Porter: You are requesting more than an 11 percent increase in appropriations for fiscal year 2001. What is the justification for this size of an increase this year? What specific goals will you accomplish with this increase?

Dr. Solomon: As indicated in the Institute's budget request, the United States Institute of Peace is requesting an appropriation of $14,450,000. This amount is the same amount requested in the President's budget for FY 2001 and represents an increase of $1,499,000 over the $12,951,000 the Institute received for FY 2000.

As detailed below, the amount requested is designed to enable the Institute to expand four high-priority activities within the framework of our current program structure and related support costs. The requested increase is intended to support:

1. Much needed expansion of our **Special Balkans Initiative** for the combined purposes of supporting implementation of the peace settlements in Bosnia and Kosovo and preventing the spread of violent conflict to surrounding areas. This work will include on-the-ground efforts in the Balkans, policy assessments, practitioner training, and education projects conducted by the Institute as well as projects carried out by others and funded by fellowships and grants;

2. Expansion of the **conflict resolution training programs** outside the Balkans;

3. **New educational activities** aimed at preparing the next generation of young leaders to understand and deal with international conflict;

4. Response to a special opportunity for the Institute's Rule of Law program to further the **Israeli-Palestinian peace process**; and

5. Coverage for part of increased **operating costs produced by inflation and overall program growth** (for example, the 4.9% increase in federal salaries that took effect in January, 2000, and the comparable increase that is scheduled for January, 2001).

Increased Funding for Peacebuilding in the Balkans

Four years after the Dayton accords and one year after NATO's air war over Kosovo, stabilizing peace in the Balkans continues to present a complex set of challenges to the U.S. and the international community. For peace implementation, critical ongoing needs remain in Bosnia, plus new demands in Kosovo, and possible opportunities in Croatia. At the same time, attention to conflict prevention measures is essential in Serbia proper, Montenegro, Macedonia, and Albania.

Institute's Key Goals and Objectives

On the ground in the Balkans —

- to help create the conditions for long term stability by building local and regional capacities for conflict prevention, peace implementation and regional cooperation;

- to introduce conflict resolution methods to police, political and community leaders, and international actors; and

- to develop a constituency for peaceful conflict resolution, especially in the next generation.

In the U.S. —

- to provide a forum in Washington, D.C. for discussion among administration and non-administration experts to develop policy options, exchange information and build consensus on next steps to secure peace throughout the Balkans, thus helping to avoid duplication and enhancing mutually reinforcing efforts.

Need for Additional Funding in FY 2001

The Institute's activities in the Balkans have produced significant results that have been recognized in the United States and overseas. The Secretary of State, who spoke on Kosovo at the Institute this past year, acknowledged the critical role of the Institute's efforts as did National Security Adviser Samuel Berger and UN Ambassador Richard Holbrooke in addressing Institute audiences recently. Institute work supported the efforts of the President's Special Envoy for Dayton

Implementation, the Department of State's Bureau of Human Rights, and other parts of the administration. In the Balkans, the Institute is regarded as an important participant in conflict prevention and resolution and a resource for regional efforts at peacebuilding. Local leaders are encouraged to seek its assistance as a convenor and facilitator, and the popularity of its grant and fellowship programs is growing.

The number and size of the audiences we are serving with our analysis, training, materials, convening and technical assistance has grown and prompts us to request more resources to continue and expand these services. We will be active in more Balkan countries than previously. Until now, programs on the ground have focused on Bosnia-Herzegovina and Kosovo. As we have become better known in the region, we have requests for programs in Montenegro, Bulgaria, Romania, Macedonia and Albania and anticipate requests in Croatia as a consequence of the elections. This broader regional approach is critical to conflict resolution in the Balkans.

Goals: With an increased appropriation, the Institute will:

- Follow up on the facilitation among Kosovar Albanian political and civil society leaders to reinforce agreements and to continue a similar effort with Kosovar Serbs; the next goal will be to facilitate discussions between the two groups that can lead to a long term plan on power sharing and cooperation among the various communities;

- Work with both Slavs and Albanian communities in Macedonia to develop programs that will lessen tensions and build on some of the promising signs of inter-ethnic cooperation;

- Initiate an unofficial dialogue between Serbs and Americans to overcome the divisions caused by the NATO campaign and nurture moderate elements in Serbia;

- Conduct more training in conflict resolution skills for the police who will serve in the International Police Task Force at local and federation levels in Bosnia;

- Train police and community leaders in Bosnia together to add to the skills of both groups at a time when there is a greater emphasis on refugee returns;

- Build on the training of police in Bosnia to conduct similar training in Kosovo;

- Provide grants and technical assistance to the community and political leaders in Brcko at the urging of the American administrator in this critical two years following the arbitration decision on its status;

- Conduct an evaluation of the Dayton accords at five years and begin the work "beyond Dayton";

- Work with educators in the former Yugoslavia to enable them to revamp curriculum so as to reject ultra-nationalistic themes and to encourage reconciliation and a spirit of tolerance; and

- Continue to work with civil society groups on a Truth and Reconciliation Commission for Bosnia-Herzegovina and potentially for Kosovo.

Increased Funding for Practitioner Training

During FY 1999, the Institute significantly expanded and strengthened its practitioner training program. With a new director and additional staff members, the number of participants increased, and participants consistently rated the quality of training programs as excellent. To increase its effectiveness and keep costs per program down, the Institute developed key partnerships with both domestic and foreign institutions, including the Federal Mediation and Conciliation Service, the National Defense University, the Army War College, the National Foreign Affairs Training Center, the Organization of American States, the Regional Forum of the Association of Southeast Asian Nations, and the Organization for Security and Cooperation in Europe. Each of these partnerships has enriched the Institute's programs through the pooling of training resources and the sharing of costs.

This program expansion, however, does not meet the growing need and demand from abroad for skills training. With continuing crises in the Balkans and Africa and new conflagrations elsewhere, such as in East Timor, the need continues to increase as the number of Americans involved in peace operations grows. International organizations are stretched to their limits in fielding the civilian components of multilateral peace operations.

Even with the increase in funding received for FY 2000, the Institute's training staff will struggle to meet immediate needs both (1) for training for new and ongoing peace and humanitarian operations, and (2) for the equally vital task of training in the skills necessary for preventing conflict.

Accordingly, the Institute seeks additional funding to increase its current practitioner training activities in the Balkans and to help train a new generation of leaders in the Balkans and surrounding areas in the skills needed to prevent conflicts and save lives.

Goals: This increase will be used to fund:

- More work with police and community groups in Bosnia and Kosovo to promote inter-ethnic cooperation and avoid additional conflict. Without better understanding between public security forces and ethnic community leaders, the likelihood of future conflict in local communities will remain high.

- Training to equip emerging leaders in nearby Balkan countries that have been affected by the conflicts in Bosnia and Kosovo (such as Romania and Bulgaria) with the skills needed for peaceful resolution of disputes. Training will focus on improving national capabilities for resolving conflicts and on equipping government officials and military personnel to participate more effectively in the Organization for Security and Cooperation in Europe and other multilateral organizations dedicated to the preservation of peace. In the first year, this initiative will train personnel in Balkan countries and southeastern Europe, and in future years it will expand to other new democracies of Europe and the former Soviet Union.

- Programs to equip U.S. military personnel and foreign affairs practitioners with skills in conflict analysis, management, and resolution relevant to potential conflicts in sub-Saharan Africa and the Pacific Rim.

Increased Funding for Educating the Emerging Generation

While the Institute's Training Program focuses on the needs of the current generation of practitioners, the Education Program targets future practitioners and their teachers. Our experience makes it clear that the international community has to do a much better job in educating the next generation about the difficult decisions they will face and the options they have in responding to international conflicts. The Institute has decided to expand significantly its education activities in both the U.S. and overseas in order to deepen the understanding of students who will be engaged with conflict during their working lives, to help faculty develop courses and programs to prepare these students, and to encourage creation of networks among educational institutions that support this process.

Goal: Develop Educational Activities in Foreign Zones of Conflict: The first new initiative of the Education Program is to work with educational institutions in zones of conflict. This part of the program is based on the belief that education itself can be an important means to create conditions conducive to conflict prevention, peaceful resolution of conflict, and reconciliation through such activities as curriculum development, textbook reform, and teacher training. The emphasis in this initiative would be to encourage education that breaks down negative stereotypes of other communities and promotes tolerance as well as respect and understanding of other cultures and peoples.

Starting in FY 2000, the Institute is working with universities in southeast Europe, aiming to help build a network of educational institutions that can teach conflict resolution on a regional basis and form a web of faculty and students with common interests in regional peace and stability. By strengthening these educational institutions, the Institute hopes to promote the growth of the kinds of civil society structures that form the basis for a lasting peace. Just as importantly, the Institute will use this opportunity to help the process of reforming education in a number of these countries making the transition from war to peace and from repressive political systems to democratic ones. Plans for

FY 2001 will include continued efforts to build educational networks in the Balkans, as well as similar new efforts in Africa and Southeast Asia.

Goal: Increased Classroom Activities Within the U.S.: The Institute will also focus on two activities in the U.S.: intensifying our work with faculty teaching in this area, and developing audio-visual and other teaching materials.

Doubling of Faculty Programs: The Institute plans to double its efforts to engage teachers and faculty in professional seminars to improve their skills for teaching about international conflict. Building on a new initiative to work in partnership with schools and universities around the country, the Institute plans to increase the number of faculty seminars and teacher institutes from two in FY 1999 to four in FY 2000 to nine in FY 2001. The focus of these seminars will be on helping teachers to think through how to teach and what to teach. Through discussion and exploration of different teaching vehicles, faculty will gain insight into what students need to grasp on the conceptual level about the sources, nature, and dynamics of conflict and what they need to know about the real conflict-ridden world in order to make things work. This fiscal year, the Institute will run programs in Hawaii, Colorado, Maryland, and New York State. Next year we hope to expand to states in the Midwest, Southwest, and South.

Increase in Teaching Materials: In order to reach a broader array of students, the Institute plans to develop additional teaching materials. With these materials, the Institute seeks to help students understand that they can make a difference in international conflicts. It also intends to convey the lesson that conflict resolution is not just a matter of high politics between heads of states but also needs the engagement of many different kinds of resources and talents from business, civil society, journalism, the literary world, law, politics, and religion, as well as the efforts of dedicated individuals.

Increased Funding to Fill a Gap in the Israel-Palestinian Peace Process

The Institute has responded to a historic opportunity to assist the Palestinian-Israeli peace process. At the request of senior Israeli and Palestinian officials, the Institute's Rule of Law Program is organizing a special initiative on Palestinian-Israeli legal dialogue.

Regardless as to the final outcome of current negotiations, the Israeli and Palestinian legal systems and their personnel will be obliged to interact daily on a myriad of issues. Numerous areas will require cooperation between legal personnel, ranging from smuggling and intellectual property protection to jurisdiction over terrorist acts, to the adjudication of traffic accidents involving Palestinians and Israelis, to labor law issues resulting from the thousands of Palestinian workers in Israel. However, despite the recognition of this need on both sides, and despite the provision in the 1993 Oslo Accords for creation of a Joint Legal Committee (JLC), little has been done to facilitate interaction and

dialogue between Palestinian and Israeli jurists. Without a process for cooperation between the two legal systems, problems that could be resolved routinely — creating a more positive environment for the peace process — instead become sources of Palestinian-Israeli tension.

Beginning in July 1999, the Institute's Rule of Law Program has held a series of meetings to facilitate communication between the Israeli and Palestinian Ministries of Justice and help to improve the climate of cooperation. Since the commencement of this effort, the Israeli–Palestinian JLC has begun meeting.

At the behest of Israeli and Palestinian officials, the Institute will expand its efforts to build appropriate professional relationships and rapport between members of the respective legal communities and to enable them to jointly explore a range of legal issues. The Institute is working with the JLC to organize six to eight joint roundtables during the course of FY 2000 and FY 2001 in Israel proper and the Palestinian territories. Each roundtable will include participants from a cross section of Palestinian and Israeli legal society, including officials, academic experts, and practicing attorneys. Foreign experts will bring a global perspective and provide a variety of options, taken from the models of relevant countries, to address the challenges of Palestinian-Israeli legal interaction and cooperation. Palestinian and Israeli officials have each indicated that the Institute's role is vital to the success of this effort.

Goal: The Institute will facilitate the establishment of joint working groups and other follow-on activities deriving from these roundtables. In addition, the Institute has been asked to assist in the development of a Palestinian-Israeli joint legal liaison office, to be staffed by personnel from each side and to manage complaints and requests for legal assistance between the two systems.

Although this initiative was not anticipated in the FY 2000 budget, the Institute determined that it was necessary to defer other planned projects in order to respond to this request and support the Middle East peace process at this critical phase. Given the need expressed by Israeli and Palestinian officials to begin this dialogue promptly in the context of the overall peace process, the Institute will devote significant resources to this effort in FY 2000 and is requesting an increase to further fund this initiative in FY 2001.

Increased Funding to Compensate for Inflation and Administrative Support

A portion of the proposed increase results from a mixture of (1) an inflationary adjustment, and (2) compensation to cover needs for increased administrative support (as the Institute's programs have expanded, we have given priority to increasing direct program efforts but now find we need to increase support functions as those functions have become seriously overburdened).

Even a low rate of inflation, over time, erodes the buying power of a fixed appropriation level. The Institute believes that the program stability needed for effective operations cannot be assured over time without a continuing allowance for inflation. A single year without adjustment is unlikely to present a significant

problem, but the cumulative effects over several years of level funding can be considerable. The effect over time will be: (1) erosion in the buying power and growth of the Institute's policy assessment work and its education and training activities, and (2) a reduction in grants and fellowships and other research activities, significantly constraining the Institute's capacity to respond to the changing world situation at a time when its services are most needed.

The parallel concern to inflation is the need to maintain the strength of the Institute's administrative and support units as the more program-oriented units continue to develop. For this purpose we are including plans for increased staffing in the Institute's publications and administration departments.

(For more details about the proposed increase in funds for FY 2001, see the detailed descriptions of the Institute's individual programs and departments on pp. 28-111 of the Institute's FY 2001 budget request.)

Mr. Porter: Your budget justification states that your programs are a "much more cost-effective way of addressing international conflicts than large-scale military commitments or economic aid programs." What specific successes would you point to that have been achieved through your organization that have resulted in some benefits your justification outlines: smaller expenditures for military interventions, lower risk of combat casualties, reduction of conflict-related humanitarian assistance?

Dr. Solomon: In our budget request we state that, although difficult to quantify, our efforts in the end produce cost savings for our nation — including smaller expenditures for military interventions, lower risk of combat casualties, and reduced conflict-related humanitarian assistance. In assessing its effectiveness in producing successes the Institute finds itself in situations similar to other U.S. organizations dealing with international affairs. Both the Department of State and the Agency for International Development, for example, have recognized that evaluating the outcomes of their respective performances is very difficult since their progress is affected so much by forces outside their control and because success in preventing or containing a conflict cannot be measured in quantitative terms.

For these reasons, in our view any conclusions about successes in the field of the prevention, management and resolution of international conflicts necessarily involve judgments using the comments of participants, third parties, and observers of such conflicts more than quantified measures — keeping in mind that, as Father Ted Hesburgh of the Institute Board has observed, if the Institute prevents just one conflict, it will pay for itself many times over. It is difficult in real world circumstances to prove a negative (a war that did not occur), or to identify the Institute's contribution in a situation involving many participants. It may also be difficult to demonstrate that the Institute helped to make a peace operation more effective, thus stabilizing a post-conflict situation and thus protecting the U.S. investment in peace or reducing the time and cost of a military/civilian deployment on behalf of a humanitarian intervention.

Keeping in mind these difficulties, we offer below examples that center primarily on our work in the Balkans but also include some references to work in Africa and elsewhere.

While we believe that the efforts we have undertaken on the ground in the Balkans and elsewhere will have the end results described above and we do see some evidence of these developments, we must also be realistic about the extended time that may be needed to produce peaceful outcomes. Where we can, we focus below on these general objectives but also look at more modest aims that contribute to the more general goals.

Smaller Expenditures for Military Interventions and Lower Risk of Combat Casualties — the Cases of Bosnia and Kosovo

1. The tensions in Kosovo today are very high, and KFOR troops can often be caught in the crossfire. Based on the Institute's successful Lansdowne model of facilitation, troops in the American sector began bringing Serbs and Albanians together to discuss issues that could defuse some of these tensions. This not only lessens the likelihood of violence within the community but also builds some confidence in the troops among some of the local community leaders. Based on this effort, the U.S. Army has asked us to train some participants in this dialogue further in conflict resolution skills. If as a result of this successful effort such efforts can be duplicated in other locations, such as Mitrovica, tensions can be defused. If these efforts could shorten the deployment time of these troops in Kosovo by one week or even one day, it will have been a very cost-effective effort by the Institute on behalf of the U.S. Government.

2. Kosovo will not have peace until local institutions are built consistent with western standards of civil and human rights. These institutions cannot be built without consensus within the leadership of each community. That is why the Institute convened leaders from each major ethnic group separately to forge a consensus on a code of conduct and a set of agreed values on which the institutions would be built. One of the specific outcomes of that session was a declaration that outlined commitments and values. In addition, the three major Albanian party leaders reached an agreement for participation and cooperation in the Administrative Transitional Council, an achievement that one of the party leaders told us would not have happened without the Institute's efforts.

3. Brcko remains especially important as an area to be stabilized. Control there could not be resolved at Dayton and has now been decided by arbitration. The American administrator of that disputed territory told us that in his first year in Brcko he repeatedly turned to materials written by the Institute as resources. He has invited us to help identify projects that can help implement the arbitration decision in a peaceful manner. We made special efforts to identify and meet with civil society leaders in Brcko that could benefit from Institute help, including funding for their own efforts. In this case, our assistance has and can in the future make a contribution to stabilizing that

conflicted area so that IFOR troop action will not be required there and could speed their exit from Bosnia.

4. The IFOR troops are in Bosnia to enforce the Dayton accords. They have achieved a number of objectives such as ending the killing and displacement of citizens. There are some issues remaining that need review in order to strengthen the implementation of the accords and speed up the stabilization of that society so that the troops may leave with confidence. The Institute has undertaken a comprehensive review of Dayton in order to address issues of upgrade — issues that if addressed can go far to consolidate the gains that have been made and strengthen the building of a strong civil society, among them electoral reform.

5. American troops will not leave Bosnia until the threat of recurring violence has been removed. This will not be the case until strong indigenous institutions are built, including police and judicial systems; efforts at reconciliation are well underway; and the younger generation has hope that their society can be different. In each case, the Institute is making contributions: (a) we are working with justice officials on key issues identified by them to overcome the aftermath of the war and build a strong judiciary; (b) we have trained police at all levels to understand better the sources of conflict and the tools available to them to lessen it; (c) we trained some educators in Bosnia to teach about dealing with conflicts; (d) we are working with educators in the region to address curriculum reform and textbook revision; and (e) we have designed and shaped a truth and reconciliation commission that can serve as a mechanism to address abuses perpetrated during the war (we hope to initiate a dialogue and identify recommendations for further reform that will permanently prevent the recurrence of the conditions that allowed the war to erupt in the first place); and (f) we seek to support efforts addressed at youth in the region.

Reduction of Conflict-Related Humanitarian Assistance — the Balkans and Elsewhere

1. In Bosnia-Herzegovina, we were asked by NGOs to conduct training in conflict resolution skills to enable them to operate more effectively in the post-Dayton environment. They quickly learned that while they had gone to Bosnia to deliver services, they were being drawn into a variety of conflicts in the delivery of those services. We trained some eighty international and local NGO representatives in consensus building skills. They tell us that they employ those skills in their work with local and national officials, within the various ethnic communities and even among themselves.

2. Institute grants for projects outside the Balkans have had some large benefits in terms of the reducing the need for military action or humanitarian assistance: (a) a grant to the Niger Delta Wetlands Centre in Nigeria in 1998 helped to resolve (through research and facilitation by a highly regarded team of Nigerians) one of the most contentious and bloody conflicts within the Niger Delta between two feuding ethnic groups; (b) a grant to the New

Sudan Council of Churches funds the training of judges and mediators to resolve inter-ethnic disputes along the Nuer-Dinka border in Southern Sudan, a key component of the overall peace strategy to bring inter-ethnic peace to Southern Sudan; (c) two grants to the SAACID Voluntary Organization, a women's organization in Somalia, has provided a rare venue for public meetings in Mogadishu to promote reconciliation and to resolve the inter-clan conflicts that continue to plague Somalia and had drawn American troops into that region in 1992; and (d) a grant to Common Ground Productions financed improved radio programming for a station in Liberia that is effectively using radio to promote peace in that conflict-torn country.

Mr. Porter: What performance measures do you use to track the success of your program?

Dr. Solomon: As noted above, the Institute recognizes that its efforts to prevent, manage, and resolve international conflicts are influenced by many factors beyond its control, thus making refined quantitative measures extremely difficult to develop and apply. Many activities in international affairs are difficult to evaluate in isolation since so many variables are at play — plus outcomes are subject to political processes controlled by others and often take years to become fully evident.

That said, the Institute is concerned that its programs maintain its high standards of effectiveness. The Institute's approach to evaluating the effectiveness of its programs varies according to the nature of the program and ranges from attempts to measure the satisfaction of its "customers" to its ability to help produce peace in such areas of conflict as the Balkans:

Consumer Satisfaction in the U.S.: Each year we survey recipients of Institute publications for their reactions to the items distributed and the responsiveness of the Institute in meeting their requests for information and other assistance. For the past several years the responses have consistently shown that from 85 to 90 percent of the Institute's clients are satisfied with the quality of the service provided.

Research and Policy Analysis: Much of the Institute's analytical work is supported by grants and fellowships. For both grants and fellowships, the Institute employs peer review panels to consider applications. Grants of more than $40,000 are also evaluated by an external evaluator. Any previous grant recipient applying for another grant must have the performance under the first grant evaluated by an external evaluator before the Institute will consider the new application. A principal product of most fellowships is a book or report which the Institute will consider publishing only after completion of a peer review. To date, more than 86 books have passed these stringent review procedures. Peace scholars' dissertations are reviewed by university doctoral committees.

A principal measure of the effectiveness of Institute publications is the

extent of sales, course adoptions and published reviews. Analytical efforts that the Institute conducts directly are evaluated by the participants and by the Institute's board of directors and management.

Through April 2000, 39 books of the 74 published by USIP Press resulted from fellowships and grants. (Numerous other manuscripts supported by the Institute have been published elsewhere.) Over 46,000 copies of USIP Press books have been sold. About half of these copies have been used for college courses. As used books are commonly sold in campus bookstores, the sales total significantly understates the total number of student readers. Additionally, about 15% of the total are purchased by libraries. A conservative estimate is that well over 150,000 readers have read USIP Press books originating in its fellowship program.

Practitioner Training and Education: Participants in every training program and seminar for teachers and professors are asked to evaluate their experience and identify ways to improve the structure of the program. A major test for training programs is the extent of follow-on business, particularly for those programs in which the partner organization is sharing project costs.

Education programs all include participant evaluations.

Cost Sharing: Cost sharing is useful both as a means of stretching scarce budget resources and as a way of assessing the contributing party's interest in the quality of the Institute's work. The Institute grant program, for example, funds about $3 million of stipends each year which are combined with contributions from others that roughly match that amount. Nearly all training projects include cost sharing arrangements.

Operations on the Ground in Areas of Conflict: Again, we need to emphasize that the effectiveness of activities conducted in areas of conflict is often extremely difficult to evaluate. The facilitation of the Kosovar Albanian leaders mentioned above is generally regarded as very successful and well worth the investment by the Institute and the Department of State. Its longer-term effects in Kosovo are very difficult to evaluate.

PRACTITIONER TRAINING

Mr. Porter: The Institute's training activities are focused on providing practitioners with skills that are needed to become more effective in dealing with conflict in all phases, from origins to resolution. When comparing fiscal year 1999 and fiscal year 2000, what successes, if any, have been realized with regard to practitioner training?

Dr. Solomon: By several measures, FY 2000 will be a year of significant accomplishment and success for the practitioner training program.

- Due to growing demand for our services and our increased capacity based on the hiring of additional staff, we estimate that the number of participant-days in Institute seminars will increase over 250%, from 2,827 to 7,159. Cost to the Institute per participant-day will decline from about $300 to approximately $150, or about 50 percent.

- The increase in number of participants trained, however, does not tell the full story about the progress in our training program. We are particularly heartened by our increased success in reaching groups that play key roles in resolving conflicts worldwide:

  – These include American police officers assigned to play on-the-ground conflict resolution roles in Bosnia, Kosovo, and East Timor. We will train approximately 800 American police officers this year.

  – We are also reaching key indigenous personnel in the Balkans. For example, we will join with the U.S. Army in Kosovo to facilitate a dialogue among local Serb and Albanian leaders. This group of regional leaders has been instrumental in working out arrangements to prevent additional ethnic violence in their local area and promote co-existence.

- In addition, the geographic reach of our training program is now truly global. In the last twelve months, we have trained people working on the conflicts in Kosovo, Bosnia, Northern Ireland, Armenia/Azerbaijan, Cyprus, India/Pakistan, Haiti, Colombia, Sierra Leone, Liberia, Sudan, Ethiopia/Eritrea, and the Middle East.

- Another important development this year is the solidification of existing training partnerships with other organizations and the development of new ones. A few examples out of many:

  – We sponsored our fourth annual seminar for Balkans leaders with the Hellenic Foundation for European and Foreign Policy.

  – Through a private-sector contractor, the Department of State is paying our expenses for training American police officers.

  – The Department of State financed our seminar on negotiation for Ethiopian diplomats.

  – The Organization for Security and Cooperation in Europe requested and financed our training of its field staff in Bosnia in conflict management and negotiation.

Mr. Porter: How much was spent for practitioner training in fiscal year 2000?

Dr. Solomon: We plan to spend approximately $1.1 million for the practitioner training program in FY 2000.

Mr. Porter: How much is requested for this activity in fiscal year 2001?

Dr. Solomon: We have requested $1.363 million for practitioner training in FY 2001. This amount does not reflect the full growth in the program because we have substantially leveraged these funds through cost sharing with other partner organizations.

BOSNIA AND BALKAN INITIATIVES

Mr. Porter: In fiscal year 2000's budget justification, the Institute initiated an expanded focus on Bosnia and the Balkan regions. $500,000 in additional funds were allocated. How much was spent for the Special Balkans Initiative in total in fiscal year 2000?

Dr. Solomon: The Institute projects that during FY 2000 it will obligate in direct and indirect expenditures approximately $2.4 million on Bosnia and the Balkan region. This consists of about $500,000 to be obligated for activities carried out by the staff of the Special Balkans Initiative (SBI) and about $1,900,000 for activities of other Institute programs and support functions.

These estimates of obligations include:

- Obligations for travel, contract services, supplies, printing and other "out-of-pocket" expenses dedicated to SBI activities.
- An amount for awards of grant and fellowship stipends that will not be finally determined until applications are reviewed and awards made during the course of the fiscal year. The amounts of awards for a particular subject area such as the Balkans will vary depending on the quality and relevancy of applications received and therefore cannot be predicted with certainty in advance.
- An estimated pro-rata share of the each program unit's personnel and rent costs. Allocation of staff time during the year may in fact vary depending on changing program demands.

Mr. Porter: How much is requested for this activity in fiscal year 2001?

Dr. Solomon: We project obligations for the Special Balkans Initiative in FY 2001 of $3.3 million.

Mr. Porter: How do you measure success in this area?

Dr. Solomon: The Institute measures success in its Special Balkans Initiative based on the goals set for specific projects. The following are examples of how we analyze the needs, set the goals and measure our success for each project area.

Contributing to the Peace Process in Kosovo

The Institute made a major contribution to reducing frictions among the Kosovar Albanians when it hosted a facilitated dialogue in September 1999 at Lansdowne, Virginia involving 40 representatives of the political and civil society leaderships. The Department of State cooperated, providing more than 50 percent of the financial resources required. At the time, the Albanians were not talking with each other, slowing peace implementation; it was feared that fratricidal violence might break out. Albanians across the political spectrum credit the Institute for having defused intra-Albanian tensions and enabling the UN to proceed with engaging the Albanians in its governing structures.

The Institute followed up this facilitated dialogue among Albanians with one among 21 Kosovo Serbs and Belgrade-based advisors in Sofia in December 1999. This event clarified Kosovo Serb objectives, strengthened Serb moderates led by Bishop Artemije, and led directly to the Bishop's highly successful visit to Washington and the entry of the Serbs into the UN governing structures.

The Institute is currently working in cooperation with the State Department on design of a facilitated dialogue between Kosovar Albanians and Serbs, one that will enable them to define common goals for the medium term while they continue to disagree on Kosovo's ultimate status. Such a dialogue will help to calm intercommunal tensions, boost UN efforts and reduce the need for NATO military forces.

At the request of U.S. Army commanders in Kosovo, the Institute Training Program is conducting a workshop for local Serb and Albanian leaders in the Gnjilane area. The Army expects this workshop to contribute to reintegration efforts in the U.S. Area of Operations and plans several follow-on activities. Most of the cost will be borne by the Army, which regards the effort as a good investment.

The Institute was active with Kosovars well before the 1999 war. Veton Surroi, one of the principal Albanian negotiators at Rambouillet, credits an Institute training course he attended with providing the skills he successfully used at Rambouillet. Another of the Albanian negotiators states that the Institute training she experienced several years before was critical to her outlook. In early 1998, the Institute conducted a workshop for emerging Kosovar Albanian leaders; it is generally recognized that people from that group have consistently chosen the more democratically oriented side of their respective political parties and work for compromise more effectively than many of their colleagues. Several now occupy key posts in the UN administrative structure.

Likewise, Bishop Artemije, Father Sava and Momcilo Trajkovic, who lead the more moderate Serb contingent in Kosovo that has now entered the interim administrative council, have long maintained contacts with the Institute, both over the Internet and in several pre-war visits and discussions.

Promoting Dayton Implementation in Bosnia

The Institute has been involved in Bosnia since the Dayton Accords. It was successful in helping to create and then revitalize the Inter-Religious Council (which includes the Catholic, Orthodox, Muslim and Jewish community leaders). Today, this organization is actively promoting religious understanding and reintegration through appearances on radio and television, joint visits to hot spots like Brcko and Mostar, and publication of a glossary of religious terms. On its own initiative, the Bosnian IRC catalyzed the founding of an Inter-Religious Council in Kosovo (including Muslim, Catholic and Orthodox leaders) that has begun the same type of effort to promote mutual understanding.

Police and security officials played a particularly nefarious role in the Bosnian war; they were often used as the principal agents of ethnic cleansing. Reintegration, monitoring and retraining of the police is therefore especially important. The Institute has trained hundreds of American police monitors sent to Bosnia, 121 OSCE mission members there, 106 members of the International Police Task Force (IPTF) and UNMIB civil affairs officers, 36 Bosnian police chiefs and deputies, and 43 ministers, deputy ministers and senior staff from the Federation and Republika Srpska.

Dayton implementation has run up against serious obstacles over the past four and a half years. The Institute has undertaken a major effort to analyze the extent of peace implementation and to propose options for upgrading the Dayton process over the next five years. Results will be published on the fifth anniversary of the Dayton Accords later this year.

The Institute has long supported efforts to establish a Truth and Reconciliation Commission in Bosnia. The Institute introduced the concept to Bosnians, exposed them to the experience of others, briefed political, religious and community leaders on the idea and its applicability to Bosnia and provided ongoing technical assistance to those interested in developing the idea. Broad political and civil society support for this proposal is now leading to detailed planning. The Institute has given a grant to a local group that is doing some detailed planning for its creation. The commission, once established, will give voice to victims, create a common history of the war, and publicize the many examples of inter-ethnic cooperation and mutual assistance during the war.

Institute grants have supported numerous grassroots efforts at reconciliation and reintegration throughout Bosnia. The Institute is now concentrating its grants on Brcko, where a U.S. administrator is instituting a new "district" on the basis of a decision by an American arbitrator. The success of this experiment in making this contentious part of Bosnia a model of inter-ethnic cooperation would go a long way to illustrating to the rest of Bosnia the real benefits of peace implementation.

Preventing Conflict in Macedonia and Montenegro

Only in FY 2000 has the Institute had the resources needed to initiate conflict prevention activities in Macedonia and Montenegro. The Institute's Balkans Working Group has examined the issues in both countries and published and given wide dissemination to reports on its findings. In Montenegro, an active search is underway for conflict prevention activities in the non-governmental sector that can be supported by Institute grants and training. In Macedonia, the Institute plans an initial inter-ethnic dialogue on Macedonia's future in September.

Contributing to Analysis and Policy Development

The Institute's efforts at conflict prevention and resolution are based on a strong analytical effort aimed at understanding the origins and dynamics of Balkan conflicts and careful examination of options for dealing with them. These studies are conducted both by individual scholars working with Institute grants and fellowships and by the Balkans Working Group, which brings together administration officials, congressional staff, non-governmental organizations and academics who are active on the Balkans. The Balkans Working Group has met 17 times in the past year and a half, with over 1000 participants contributing their time and energy.

The importance of the contribution to the discussion and development of policy options within the Washington community through the Balkans Working Group (BWG) should not be underestimated. A broad cross-section of international and local actors come together under the Institute's auspices to share information, consider options and in some cases reach consensus. Very often these discussions and the consensus are captured in reports and given very wide dissemination. The need to focus U.S. attention on Milosevic was foreshadowed in Institute reports that were published many months before the administration turned in that direction. The need to target sanctions was likewise pointed out in Institute reports well before the current effort to do so, as was the likely failure of diplomatic efforts in 1998-99 to deal with the Kosovo crisis; a proposal for quick release funds for Brcko that emerged in the BWG was implemented within months by the Department of State.

The Institute's reports are often cited in Balkan and American news media, sometimes translated and published in their entirety and read with care. One particularly striking example of how Institute reports are read by people on both sides of a conflict was a report on democratizing Yugoslavia. A Serbian deputy prime minister went on prime time television to claim the report was a top secret CIA plot to overthrow Milosevic, thereby trying to discredit the report; its proposals became the basis for U.S. legislation that more than quadrupled aid to democratic forces in Serbia. Another was the Institute's report on *Croatia After Tudjman*, published a year before the president's death, which predicted that the regime would not long survive thereafter. Reliable diplomatic sources report that he read it and agreed with the analysis.

The Institute currently has five Balkans scholars in residence preparing publications on military preparations for the Kosovo operations, factors affecting Muslim repatriation to Central Bosnia, culture and conflict in Southeastern Europe, the role of the media in Balkan conflict and reconciliation, and Serbia's future. Recent fellowship publications have focused on preparing the U.S. military for peace operations and how NATO can contribute to peace processes in the Balkans.

The Institute has become an important forum for public understanding of Balkan issues through conferences and Current Issues Briefings, which are now routinely webcast worldwide and are often covered by CNN, C-SPAN and other news outlets. Over the past year and a half, about 1000 people have attended these events, which have included President Clinton, Secretary of State Albright, National Security Advisor Berger, the Presidents of Montenegro and Albania, the Prime Minister of Macedonia, the Foreign Ministers of Bosnia, Croatia and Romania, key media officials from NATO and the region, and non-governmental experts on the region. A recent webcast on Kosovo to 30 universities worldwide involved about 600 participants who had just completed a simulation exercise on crisis management in the Balkans. Institute staff give frequent interviews on Balkan issues to U.S., European and Balkan news media and are asked to lecture at local universities and the National Foreign Affairs Training Center. We have also developed special materials to help the press understand the issues and the options available to policymakers, as we did in a "Newsbyte" on the possible outcomes of the NATO bombing campaign at the outset of the campaign.

INSTITUTE GOALS

Mr. Porter: Your budget justification states that one of your goals is to "produce new and useful knowledge about how American interests can be served in areas of conflict by methods short of armed conflict, and to make this knowledge available to U.S. policymakers and relevant publics." What are some of the most valuable "lessons learned" from your work over the past several years?

Dr. Solomon: The Institute is one of the leading repositories of contemporary knowledge about understanding ways to help prevent, manage, and resolve conflict. The unique synergy of our research, training, and educational programs helps us to produce and disseminate practical knowledge that can help bring a peaceful end to today's conflicts around the globe.

The following is an illustrative list of lessons learned with respect to specific conflicts, conflict resolution in general, and proposed research efforts.

In Specific Cases:

On the Korean Peninsula, we have learned the value of intensive, focused, and informed negotiation with the North Korean regime in developing diplomatic/political approaches, as alternatives to a strictly military approach, to dealing with a rogue regime. This brings allies along, and has been effective in

constraining a nuclear threat without raising the risks of war. But this requires highly informed policymakers and subtle policies. To this end, *we have maintained an active working group on Korean issues for the past six years, and have published frequent reports on peninsular and regional security and on the political, humanitarian, and economic situation, as well as the recent book,* Negotiating on the Edge: North Korean Negotiating Behavior.

Across the Taiwan Strait, we have learned that the peaceful resolution of some conflicts elude an immediate solution and thus require sustained, quiet diplomacy to manage differences and expand the belligerents' common interests. To this end, *we have supported Track II efforts to bring together officials and experts from both sides of the strait for serious dialogue.*

In Indonesia, we have learned that dealing effectively with issues of accountability, justice and reconciliation are essential pillars for maintaining political stability in a major transition. To this end, *we have used our path-breaking work on transitional justice issues in other regions to provide timely advice to governmental and non-governmental leaders in Indonesia.*

In the South China Sea, we have learned that regional cohesion and transparency provide the most effective bulwarks for preventing conflict over disputed territories. To this end, *we have sponsored research on using commercial satellite imagery to provide early warning throughout the region, and we have conducted regional dialogue and training to help bolster political and security cohesion throughout the region.*

In Kashmir, we have learned that resolving conflict often requires a regional approach that includes renewed Indo-Pakistani dialogue and international support. To this end, *we have conducted Track II dialogues, sponsored research trips to the region, and sought to maintain a dialogue with all parties despite the challenging security and political events of the past few years.*

In U.S.-Iranian relations, we have learned that Track II dialogues, combined with people-to-people exchanges, can help prepare the way for reversing a decades-long confrontation and hostile attitudes, and for building confidence. To this end, *we have participated in Track II dialogues with Iranians, informing them about American concerns and learning from them about the attitudes of their government.*

In Iraq, we have learned that long-term, iterative efforts to coerce compliance with the demands of the international community become increasingly difficult to maintain, usually because of differences of interest within the coalition of concerned countries. To this end, *we are continuing our assessment of coercive diplomacy techniques to understand better the circumstances in which it works and those in which it does not.*

In the Arab-Israeli conflict, we have learned that people-to-people contacts can contribute to changing attitudes, but that they require sustained effort. To this

end, *we have supported projects at Neve Shalom/Wahat al-Salam and Seeds of Peace to bring young people from both sides of the conflict together to begin reconciliation.*

In the Balkans, we have learned that there are a range of lessons from other conflicts and other peace settlements that can be put to work to establish a lasting peace. Among these are the need for war crimes accountability through both the judicial process and the use of a truth commission, that the constructive and important role for religious leaders in reconciliation, the need for improved military/NGO cooperation to smooth the process of peacebuilding, and the importance of building human capacity among former combatants and key actors for better conflict resolution skills. To this end, *we created a Special Balkans Initiative that draws on resources across the Institute to work with justice officials, political, religious and community leaders, local and international police, NGOs, and the military to provide them with the necessary tools and information.* We have also learned that indigenous efforts can be made significantly more effective with a small amount of financial support. To this end, *we have used the Institute's grant program to stimulate and direct resources to local organizations.*

In Kosovo, we have learned that negotiations are more likely to be successful if both sides have the necessary negotiating skills. To this end, *we responded to the request from Kosovar Albanians to train political and community leaders in negotiation skills and offered similar training to the Serbs.* We also learned that once a peace settlement is reached there is a need for consensus building among leadership factions on each side of the dispute before institution building can take place. To this end, *we facilitated separate dialogues for the Serbs and the Albanians to develop a set of common goals and an agreed code of conduct for political behavior. These separate dialogues will form the basis of a new set of joint dialogues and specialized training that is bringing Serbs and Albanians of Kosovo together.*

In Northern Ireland, we have learned that implementing a peace agreement can be as difficult as attaining an end to violence itself. To this end, *we have sponsored fellows from Northern Ireland to focus on practical ways to deal with such vexing issues as decommissioning, and we have reached out to nontraditional actors, such as women's groups, to strengthen the role they can play in keeping a peace process on track.*

In El Salvador, we have learned that peace agreements can be successfully implemented if the overall terms of settlement are essentially sound and if international support is present. To this end, *we are publishing a study of lessons learned from the implementation of the 1992 peace accords between the government of El Salvador and the FMLN.*

In the Peru-Equador conflict, we learned the importance of personal relationships and courage in breaking the rigidities of longstanding conflicts as well as the importance of skillful mediation in strengthening the personal efforts of courageous leaders. *To this end, we have completed an intensive study of mediation and are publishing a near-definitive work on mediation; we have developed a training program to nurture and give additional capabilities to present and future leaders and the result of the study will be incorporated into the training.*

In Burundi, we have learned how to leverage limited international power to maximize the chances of preventing conflict. To this end, *we supported the creation of the Burundi Forum that brought a broad cross-section of experts together to monitor the situation and develop policy options with an emphasis on prevention, and we have published a study by the former UN Special Envoy. We built on the idea of the forum in creating the Balkans Working Group.*

In General:

Regarding the craft of peacemaking and negotiation, we have learned that the foreign affairs institutions and policies that shaped international relations during the Cold War years are outdated for coping with today's foreign policy and national security challenges. To this end, *we are reassessing processes of diplomacy in a world in which the character of international conflict has changed, in which there is a proliferation of nation-states, and in which private sector groups have become major political players because of the empowering effects of the Information Revolution. We are also working to reassess our concepts of "national interest," and in this regard we are focusing studies on issues such as rule of law, human rights implementation, regional security, terrorism and the proliferation of WMD, and post-conflict education.*

Regarding strategies for the use of our national power, we need to examine the effectiveness of greater preventive action, the use of techniques of coercive diplomacy, economic sanctions, crisis intervention, and post-conflict reconciliation processes. To this end, *we are working in each of these areas to identify the successful cases of these strategies and to make the lessons learned more accessible across a range of situations.*

Regarding new actors and new technologies, we have learned that there is a need to work more closely with private sector organizations, such as NGOs able to support humanitarian interventions, and to employ the full range of the new technologies to stretch resources, disseminate information and draw in new conflict resolvers. To this end, *we have special conferences and materials for NGOs, did a special study on the impact of the financial crisis in Asia on the security of that region, and created a Virtual Diplomacy Initiative to enable us to focus resources on how the new technologies might be used in conflict prevention and resolution.*

Regarding the strengthening of capabilities for preventive action in dealing with national security and humanitarian challenges, we have learned the importance of establishing "coalitions of the willing" among certain states in support of international action, as a supplement to traditional alliance relationships; the need to train foreign affairs professionals in new skills in conflict management, including cross-cultural negotiating and mediating techniques, etc. appropriate to the challenges of this era; the need to attract new generations of talent to careers in international affairs; and the need to generate the "political will" for anticipatory, pre-crisis action. To this end, *we have initiated a series of studies on the following:*

Cross-cultural negotiation training. Because we understand that negotiators bring their own cultural baggage to negotiations, and that baggage can play a significant role in determining the shape of those negotiations.

- **Coercive diplomacy.** Because we have learned that diplomacy backed by the threat or exemplary use of force is not always effective especially if the goals are not well-defined and finite and that coercion is not balanced with positive inducements.

- **Human rights implementation.** Because we understand that a combination of instruments will be more effective at instituting change than adhering to a unidimensional and unilateral policy, and that popular participation and democracy are the keys to breaking cycles of impunity in countries where a weak judicial system is prevalent.

- **Integrated civil-military integrated planning.** Because we understand that conflict prevention and complex humanitarian crises require much more complex formulation, management and implementation of policy, with more actors interacting effectively as early as possible.

Regarding Track II processes, we have learned that some Track II processes are very effective in ameliorating conflict, especially those that have at least tacit support from the major adversaries and are sustained over time. To this end, *we have conducted Track II dialogues on Kashmir, Sudan, and Kosovo, among others.*

A Lessons Learned Project:

For FY 2001, the Institute plans to institute a project to help synthesize lessons learned from specific conflicts. Regular workshops will bring together some of the scholars and practitioners who have contributed to the Institute's growing body of useful knowledge about conflict and conflict resolution. The project will be dedicated to the goal of taking an internal inventory of ideas, of what we have learned, and how we can share this knowledge with more people who suffer from conflict or the threat of conflict.

ADDITIONAL FTE's

Mr. Porter: From the information provided in the budget justification, it looks like you will be publishing only one additional report and one additional brochure, and producing one less book than in fiscal year 2000. Why are you requesting an increase of 2.5 full time employee positions for publication activities?

Dr. Solomon: The increase in FY 2001 of 2.5 FTE's in our Publications Department is based primarily on two factors:

- Our recognition (as noted on p. 26 of our FY 2001 budget request) that the expansion in recent years of our program units has not been matched by a corresponding increase in our support units such as Publications. We

need to strengthen the Publications Department even to maintain our present level of production and sales activities.

- In order to strengthen our outreach objectives and our Virtual Diplomacy Initiative, we transferred some responsibilities from our Office of Communications (OC) to our Publications Department.

To support the department with its existing marketing activities (an effort that increases each year even if the number of books published remains level), we have added one FTE for a program assistant in Publications. This assistant will help with the numerous clerical details that result from the growth in both the cumulative number of titles and volume of requests for the publications of our Press. The Institute Press has grown in the past decade from a handful of books to over 70 books published. Proceeds from sales of these books have grown from $23,000 in 1991 to more than $250,000 in 1999. Institute books have received excellent reviews and gained course adoptions at over 100 colleges and universities. All of our books have been adopted for course use in at least one college or university. All of these efforts have enabled us to spread that knowledge contained in our publications to a substantial audience both in the U.S. and abroad.

Responsibilities transferred to Publications from OC include:

- The preparation and production of some printed materials, such as special reports and fact sheets which previously were produced by OC.

- The design and maintenance of the Institute's web site, in recognition of the fact that improving the use of this as a tool for outreach will have considerable impact on disseminating information to key constituencies. This expanded function will require additional and more specialized skills. The reorganization and redesign of the web site will take the site to a next level of technology in terms of providing more information (including via webcasting) and introducing such features as interactive activities, database access, and online data collection.

INSTITUTE-MILITARY INTERACTION

Mr. Porter: As you know, the world is continually facing international crises and other challenges that will directly affect the police and military institutions in those regions. Currently, does the Institute train military units, foreign and/or domestic, and what successes have been achieved?

Dr. Solomon: Training of military and police personnel, both American and international, holds a high priority for the Institute's training program.

In any military context we usually focus on the training of trainers. In the near future, for example, we will commence cooperation with the 352nd Civil Affairs Command in Maryland and with other civil affairs unit throughout the country in a train-the-trainer program that is designed to enhance conflict management

and resolution skills and qualify participants as trainers for U.S. conventional forces.

In some cases we do organize separate training programs for key units. One example was the 7th Psychological Operations Group, for which we trained 85 soldiers mobilizing for duty in Bosnia and Kosovo. This training was conducted in March 2000 and focused on conflict analysis, negotiation, and mediation.

In February 2000, we chaired a seminar involving over 200 leaders of Special Operations Forces from the U.S. and Pacific Rim countries. The thrust of the program was toward developing a strategy for preparing soldiers to be successful in the peacebuilding environment that follows the cessation of hostilities.

As noted above, we are partnering with the 2nd Battalion, 2nd Infantry, U.S. Army at Camp Monteith in Kosovo to facilitate cooperation between Serbs and Albanians. This effort has already produce positive results in terms of violence avoided and inter-ethnic cooperative projects launched.

Working with the Institute for Defense Analyses, a federally funded research and development corporation, we have developed a conflict management exercise coupled to a computer-based simulation model of a society in conflict. We will use this simulation in July 2000 to train military and civilian leaders in the complexities of leadership in peace operations.

The Institute's partnership with the U.S. Army's Peacekeeping Institute (PKI) continues. During FY 2000, we will provide guest lecturers to PKI programs. At the same time, we are planning a major cooperative training program for spring 2001. This program will bring together military and civilian leaders to work on skills central to the success of peace and humanitarian operations.

Our intensive efforts to prepare American police officers for service as international police monitors and officials in Bosnia, Kosovo, and East Timor continue. During FY 2000 we plan to train approximately 800 police officers. The Department of State funds this program through its contractor, DynCorp.

In addition, we continue to work with the United Nations, the Organization on Security and Cooperation in Europe, and the Department of State on resuming training of local police officials in Bosnia and Herzegovina on principles and techniques of policing in a democratic society. This program was conducted in fiscal years 1998 and 1999, but was interrupted due to the hostilities in Kosovo.

Indications of our successes and of valuable lessons learned in our practitioner training program include the following:

- Training seminars can themselves serve as conflict management tools.
- Increasingly, we are utilizing our seminars to help participants solve concrete, real-time problems. In addition to extensively utilizing

interactive methods such as simulations and small-group exercises, we are building problem-solving working groups into many of our training workshops.

- We find that participants are somewhat more willing to "think outside the box" in a training setting than in their official capacities. As a result, working groups held during training seminars sometimes uncover imaginative approaches to managing conflict. For example, the training seminar for Balkan leaders held jointly with the Hellenic Foundation last November produced recommendations on regional economic cooperation that have influenced interstate discussions on the Balkan stability pact.



UNITED STATES INSTITUTE OF PEACE

BUDGET REQUEST
FISCAL YEAR
2001

FEBRUARY 2000

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PROLOGUE

THE INSTITUTE'S GROWING DOMESTIC AND INTERNATIONAL OUTREACH AND IMPACT

On the fifteenth anniversary of the legislation establishing the Institute of Peace, in October 1999, the Institute found itself increasingly effective in fulfilling its Congressional charter through a broad range of programs in the U.S. and in areas of conflict abroad.

Two indicators of this dramatic fulfillment of the Institute's purposes are:

- leaders from the U.S. and abroad turn to the Institute as an independent, nonpartisan forum to address questions of international conflict prevention, management, and resolution; and

- a growing network of former fellows in the Institute's research activities have gone on to serve critical roles in peacemaking and peacekeeping around the world.

Examples:

Addresses by World Leaders:

During the past year the Institute has sponsored major foreign policy addresses by President Clinton, Secretary of State Albright, National Security Adviser Berger, and Ambassador Holbrooke.

The Presidents of Albania and Bulgaria, four foreign ministers from the region, and the first High Representative for Bosnia-Herzegovina and now U.N. Special Envoy for the Balkans addressed an Institute conference on conflict in the Balkans.

The Presidents of Peru and Ecuador spoke about the resolution of the border conflict between their nations.

Fellows Serving as Peacemakers:

- Galina Starovoitova, who was assassinated in St. Petersburg last year for challenging official corruption and advocating democracy.

- Vesna Pesic, who returned to Belgrade from her year at the Institute to become a leader in the opposition to Milosevic.

- Adnan Abu-Odeh, recently selected by Jordan's King Abdullah as his political adviser.

- Col. Jim Warner, who commanded the American brigade in Bosnia-Herzegovina.

- Mohamed Sahnoun, who now serves as the U.N. Secretary General's special envoy for Africa, and has worked on conflicts in the Great Lakes region and between Ethiopia and Eritrea.

- Jamsheed Marker, who is the U.N. special envoy for East Timor.

I. APPROPRIATION REQUEST AND INTRODUCTION

Appropriation Request for FY 2001

For FY 2001, the United States Institute of Peace requests an appropriation of $14,450,000. This amount is the same amount requested in the President's budget for FY 2001 and represents an increase of $1,499,000 over the $12,951,000 the Institute received for FY 2000.

As detailed below, the amount requested will support:

- Much needed expansion of our **Special Balkans Initiative** for the combined purposes of supporting implementation of the peace settlements in Bosnia and Kosovo and preventing the spread of violent conflict to surrounding areas. This work will include on-the-ground efforts in the Balkans, policy assessments, practitioner training, and education projects conducted by the Institute as well as projects carried out by others and funded by fellowships and grants;

- Expansion of the **conflict resolution training programs** outside the Balkans;

- **New educational activities** aimed at preparing the next generation of young leaders to understand and deal with international conflict;

- Response to a special opportunity for the Institute's Rule of Law program to further the **Israeli-Palestinian peace process**; and

- Coverage for part of increased **operating costs produced by inflation and overall program growth** (for example, the 4.9% increase in federal salaries that took effect in January, 2000, and the comparable increase that is scheduled for January, 2001).

Program Directions for the Institute

The Institute continues on the basic path presented last year. In dealing with the post–Cold War world, the Institute seeks to maintain and increase the momentum of its **programs that focus on non-military approaches to managing and resolving international conflict.**

With the limited resources available, the Institute seeks to fulfill its mission through programs similar to those described in past budget submissions and in the March 1995 submission to the Vice President's National Performance Review (NPR). The Institute's mission includes the following major activities:

- Supporting policymakers in the Administration and Congress by providing independent and non-partisan assessments of international conflict situations;

- Training international affairs professionals in conflict management and resolution

techniques and mediation and negotiating skills;

- Training teachers and professors and providing enrichment from high school through graduate education in order to strengthen curricula instruction about international conflicts;

- Facilitating resolution of international disputes by promoting dialogues among parties to conflicts and providing technical assistance to such parties in areas of the Institute's expertise;

- Raising the level of public awareness about international conflicts and peacemaking; and

- Assessing the uses of new information and communications technologies as they transform international relations and open up new possibilities to facilitate the prevention, management, and settlement of international conflicts.

In recent years the Institute has increased its active role in conflict management by advising parties to conflicts, and providing technical counsel and support in implementing specific conflict management measures. Recent examples include assisting officials in Bosnia to develop a Truth and Reconciliation Commission, training Kosovar Albanians in negotiating skills, and assisting the Government of Rwanda in implementing genocide-related legislation and prosecutions.

The Institute's Strategic Planning Presentation which it submitted to the President and to Congress in October 1997, provides more details.

Concern for Federal Budget Constraints—Benefits from Institute Programs

The Institute continues to develop programs in a way that ensures the most efficient use of limited resources and a focused and disciplined setting of priorities. In this context, we support the goals of a balanced federal budget. At the same time, with an increasing demand for our services in a world with many difficult current and potential conflicts, we must respond to these challenges by requesting appropriate increases in our annual appropriation whenever necessary. We are confident that our programs are a much more cost-effective way of addressing international conflicts than large-scale military commitments or economic aid programs.

Thus, with the need for budget constraint in mind, we once again propose increases that are considerably less than the amount we could responsibly utilize in responding to conflicts around the world as they influence American national interests.

We have carefully considered additional activities that might be included in our budget plans and increase our effectiveness, but have decided not to include them at this time. These deferred projects include: (1) the beginning of an Institute-wide examination of all we have learned over more than ten years in the area of conflict prevention; (2) more attention to the effects of the revolution in information technology on the prevention and management of international conflict; (3) preparation of more classroom materials on conflict management and

peacemaking, than the proposed funding will allow; and, (4) the creation and maintenance of an on-line digitalized collection of peace agreements and treaties.

Even with limited funds, the Institute's progress in fulfilling its mandate, although difficult to quantify, in the end produces cost savings for the nation—including smaller expenditures for military interventions, lower risks of combat casualties, and reduced conflict-related humanitarian assistance.

Why an Increase for Peacebuilding in the Balkans?

Four years after the Dayton accords and only months after NATO's air war over Kosovo, stabilizing peace in the Balkans continues to present a complex set of challenges to the U.S. and the international community. For **peace implementation**, critical ongoing needs remain in Bosnia, plus new demands in Kosovo, and possible opportunities in Croatia. At the same time, attention to **conflict prevention measures** is essential in Serbia proper, Montenegro, Macedonia, and Albania.

Institute's Key Objectives

On the ground in the Balkans

- **to help create the conditions for long term stability by building local and regional capacities for conflict prevention, peace implementation and regional cooperation;**
- **to introduce conflict resolution methods to police, political and community leaders, and international actors; and**
- **to develop a constituency for peaceful conflict resolution, especially in the "next generation."**

In the U.S.:

- **to provide a forum in Washington, D.C. for discussion among administration and non-administration experts to develop policy options, exchange information and build consensus on next steps to secure peace throughout the Balkans, thus helping to avoid duplication and enhancing mutually reinforcing efforts.**

Need for Additional Funding in FY 2001

The Institute's activities in the Balkans have produced significant results that have been recognized in the United States and overseas. The Secretary of State, who spoke on Kosovo at the Institute this past year, acknowledged the critical role of the Institute's efforts (see her letter, on the page that follows) as did National Security Adviser Samuel Berger and UN Ambassador Richard Holbrooke in addressing Institute audiences during the past year. Institute work supported the efforts of the President's Special Envoy for Dayton

Implementation, the Department of State's Bureau of Human Rights, and other parts of the administration. In the Balkans, the Institute is regarded as an important participant in conflict prevention and resolution. Local leaders are encouraged to seek its assistance as a convenor and facilitator, and the popularity of its grant and fellowship programs is growing.

The number and size of the audiences we are serving with our analysis, training, materials, convening and technical assistance has grown and prompts us to request more resources to continue and expand these services. We will be active in more Balkan countries than previously. Until now, programs on the ground have focused on Bosnia-Herzegovina and Kosovo. As we have become better known in the region, we have requests for programs in Montenegro, Bulgaria, Romania, Macedonia and Albania and anticipate requests in Croatia as a consequence of the elections. This broader regional approach is critical to conflict resolution in the Balkans.

With an increased appropriation, the Institute will:

- Follow up with the facilitation among Kosovar Albanian political and civil society leaders to reinforce agreements and to continue a similar effort with Kosovar Serbs; the next goal will be to facilitate discussions between the two groups that can lead to a long term plan on power sharing and cooperation among the various communities.

- Work with both Slavs and Albanian communities in Macedonia to develop programs that will lessen tensions and build on some of the promising signs of interethnic cooperation.

- Initiate an unofficial dialogue between Serbs and Americans to overcome the divisions caused by the NATO campaign and nurture moderate elements in Serbia.

- Conduct more training in conflict resolution skills for the police who will serve in the International Police Task Force at local and federation levels in Bosnia.

- Train police and community leaders in Bosnia together to add to the skills of both groups at a time when there is a greater emphasis on refugee returns.

THE SECRETARY OF STATE

WASHINGTON

September 30, 1999

Dear Dick:

I want to express my gratitude for the continuing contribution by the United States Institute of Peace to the implementation of the Dayton accords, the establishment of a democratic, multi-ethnic Kosovo and the promotion of democracy and stability throughout the Balkans. Your recent Workshop on Democratic Coalition-Building in Kosovo typified the kind of constructive initiative the Institute consistently brings to promote democracy and help resolve or prevent conflicts throughout the world.

The Kosovo workshop was particularly timely. For the first time since the end of the conflict, the Institute's initiative enabled Kosovar Albanian political, civic and municipal leaders to meet together to develop a framework for cooperation on the key governance, civil society and economic issues facing the Kosovar people. I am optimistic that the spirit and commitments emerging from that event and contained in the Lansdowne Declaration will help advance Kosovo's democratic transition.

The event far exceeded our expectations and helped build relationships among political actors who had in some cases never met or, in others, ceased cooperating with each other. The impact of Lansdowne will continue as USIP facilitates the consultative process agreed by the participants. I encourage you to remain engaged in Kosovo in other ways as well, playing the invaluable role you have now begun. It is a measure of your effectiveness in that role that a UN representative encouraged you to establish a continuing presence in Kosovo. I hope you will give careful consideration to this possibility as you work with the Kosovars and consult with UNMIK.

The Honorable
Richard H. Solomon,
President, United States Institute of Peace,
1200 17th Street, NW,
Washington, DC 20036-3011.

Lansdowne is only the most recent addition to a long list of useful contributions by the Institute. Among other achievements, I want specifically to express my thanks for your efforts to foster a broad-based discussion of policy options through the convening of the Balkans Working Group for representatives of non-governmental organizations, military, Congressional, executive agencies, religious groups, foreign governments, international organizations and think tanks. The State Department will remain a part of this discussion.

Beyond the Balkans, your efforts in many other areas have been useful and welcome: exploring options for managing tensions on the Korean Peninsula; examining ways to refine the U.S. policy response to reflect the changing nature of humanitarian crises; and assessing how to nurture a peaceful and undivided Europe.

I am repeatedly convinced that your programs in these and many other areas make an indispensable contribution to U.S. efforts better to understand, manage and resolve the many challenges to peace and democracy throughout the world. For our sake and for yours, I hope that the Institute will be able to expand its resource base both to carry on its important work and to meet new challenges as they arise.

Sincerely,

Madeleine Albright

Madeleine K. Albright

- Build on the training of police in Bosnia to conduct similar training in Kosovo;

- Provide grants and technical assistance to the community and political leaders in Brcko at the urging of the American administrator in this critical two years following the arbitration decision on its status;

- Conduct an evaluation of the Dayton accords at five years and begin the work "beyond Dayton;"

- Work with educators in the former Yugoslavia to enable them to revamp curriculum so as to reverse nationalistic themes and to encourage reconciliation and building a spirit of tolerance; and

- Continue to work with civil society groups on a Truth and Reconciliation Commission for Bosnia-Herzegovina.

Why an Increase for Practitioner Training?

During FY 1999, the Institute significantly strengthened its practitioner training program. With a new director and additional staff members, the number of participants increased, and participants consistently have rated the quality of training programs as excellent. To increase its effectiveness and keep costs per program down, the Institute developed key partnerships with both domestic and foreign institutions, including the Federal Mediation and Conciliation Service, the National Defense University, the Army War College, the National Foreign Affairs Training Center, the Organization of American States, the Regional Forum of the Association of Southeast Asian Nations, and the Organization for Security and Cooperation in Europe. Each of these partnerships has enriched the Institute's programs through the pooling of training resources and the sharing of costs.

This program expansion, however, does not meet the growing need and demand from abroad for skills training. With continuing crises in the Balkans and Africa and new conflagrations elsewhere, such as in East Timor, the need continues to increase as the number of Americans involved in peace operations grows. International organizations are stretched to their limits in fielding the civilian components of multilateral peace operations.

Even with the increase in funding in FY 2000, the Institute's training staff will struggle to meet immediate needs both (1) for training for new and ongoing peace and humanitarian operations, and (2) for the equally vital task of training in the skills necessary for preventing conflict.

Accordingly, the Institute seeks additional funding to increase its current practitioner training activities in the Balkans and to help train a new generation of leaders in the Balkans and surrounding areas in the skills needed to prevent conflicts and save lives.

This increase will be used to fund:

- More work with **police and community groups in Bosnia and Kosovo** to promote inter-ethnic harmony and avoid additional conflict. Without better understanding between public security forces and ethnic community leaders, the likelihood of future conflict in the Balkans will remain high.

- Training to equip **emerging leaders in nearby Balkan countries** that have been affected by the conflicts in Bosnia and Kosovo (such as Romania and Bulgaria) with the skills needed for peaceful resolution of disputes. Training will focus on improving national capabilities for resolving conflicts and on equipping government officials and military personnel to participate more effectively in the Organization for Security and Cooperation in Europe and other multilateral organizations dedicated to the preservation of peace. In the first year, this initiative will train personnel in four countries of the Balkans and southeastern Europe and in future years will expand to other new democracies of Europe and the former Soviet Union (such as Moldova).

- Programs to equip U.S. military personnel and foreign affairs practitioners with skills in conflict analysis, management, and resolution relevant to potential conflicts in sub-Saharan Africa and the Pacific Rim.

Why an Increase for Educating the Emerging Generation?

While the Institute's Training Program focuses on the needs of the current generation of practitioners, the Education Program targets future practitioners and their teachers. Our experience makes it clear that we have to do a much better job in educating the next generation about the difficult decisions they will face and the options they have in responding to international conflicts. The Institute decided to expand significantly its education activities in both the U.S. and overseas in order to deepen the understanding of students who will be engaged with conflict during their working lives, to help faculty develop courses and programs to prepare these students, and to encourage creation of networks among educational institutions that support this process.

Educational Activities in Foreign Zones of Conflict: The first new initiative of the Education Program is to work with educational institutions in zones of conflict. This part of the program is based on the belief that education itself can be an important means to create conditions conducive to conflict prevention, peaceful resolution of conflict, and reconciliation through such activities as curriculum development, textbook reform, and teacher training. The emphasis in this initiative would be to encourage education that breaks down negative stereotypes of other communities and promotes tolerance as well as respect and understanding of other cultures and peoples.

Starting in FY 2000, the Institute is working with universities in southeast Europe, aiming to build a network of educational institutions that can teach conflict resolution on a regional basis and form a web of faculty and students with common interests in regional peace and stability. By strengthening these educational institutions, the Institute hopes to promote the growth of the kinds of civil society structures that form the basis for a lasting peace. Just as importantly, the Institute will use this opportunity to help in the process of reforming education in a number of these countries making the transition from war to peace and from repressive political systems to democratic ones. Plans for FY 2001 will include continued efforts to build educational networks in the Balkans, as well as similar new efforts in Africa and Southeast Asia.

Classroom Activities Within the U.S.: The Institute will also focus on two activities in the U.S.: intensifying our work with faculty teaching in this area, and developing audio-visual and other teaching materials.

Doubling of Faculty Programs: The Institute plans to double its efforts to engage teachers and faculty in professional seminars to improve their skills for teaching about international conflict. Building on a new initiative to work in partnership with schools and universities around the country, the Institute plans to increase the number of faculty seminars and teacher institutes from two in FY 1999 to five in FY 2000 to nine in FY 2001. The focus of these seminars will be on helping teachers to think through how to teach and what to teach in these areas. Through discussion and exploration of different teaching vehicles, faculty will gain insight into what students need to grasp on the conceptual level about the sources, nature, and dynamics of conflict and what they need to know about the real conflict-ridden world in order to make things work. This fiscal year, the Institute will run programs in Hawaii, Colorado, Maryland, and New York State. Targets next year include the Midwest, Southwest, and the South.

Increase in Teaching Materials: In order to reach a broader array of students, the Institute plans to develop additional teaching materials. With these materials, the Institute seeks to make students understand that they can make a difference in international conflicts. It also intends to convey the lesson that conflict resolution is not just a matter of high politics between heads of states but needs the engagement of many different kinds of resources and talents from business, civil society, journalism, the literary world, law, politics, religion, and dedicated individuals.

Why an Increase to Fill a Gap in the Israel-Palestinian Peace Process?

The Institute has responded to a historic opportunity to assist the Palestinian-Israeli peace process. At the request of senior Israeli and Palestinian officials, the Institute's Rule of Law Program is organizing a special initiative on Palestinian-Israeli legal dialogue.

Regardless as to the final outcome of current negotiations, the Israeli and Palestinian legal systems and their personnel will be obliged to interact daily on a myriad of issues. Numerous areas will require cooperation between legal personnel, ranging from smuggling and intellectual property protection to jurisdiction over terrorist acts, to the adjudication of traffic accidents involving Palestinians and Israelis, to labor law issues resulting from the thousands of Palestinian workers in Israel. However, despite the recognition of this fact on both sides, and despite the provision in the 1993 Oslo Accords for creation of a Joint Legal Committee (JLC), little has been done to facilitate interaction and dialogue between Palestinian and Israeli jurists. Without a process for cooperation between the two legal systems, problems that could be resolved routinely — creating a more positive environment for the peace process — instead become sources of Palestinian-Israeli tension.

Beginning in July 1999, the Institute's Rule of Law Program has held a series of meetings to facilitate communication between the Israeli and Palestinian Ministries of Justice and help to improve the climate of cooperation. Since the commencement of this effort, the Israeli–Palestinian Joint Legal Committee has begun meeting.

At the behest of Israeli and Palestinian officials, the Institute will expand its efforts to build appropriate professional relationships and rapport between members of the respective legal communities and to enable them to jointly explore a range of legal issues. The Institute is working with the JLC to organize 6 to 8 joint roundtables during the course of FY 2000 and FY 2001 in Israel proper and the Palestinian territories. Each roundtable will include participants from a cross section of Palestinian and Israeli legal society, including officials, academic experts, and practicing attorneys. Foreign experts will bring a global perspective and provide a variety of options, taken from the models of relevant countries, to address the challenges of Palestinian-Israeli legal interaction and cooperation. Palestinian and Israeli officials have each indicated that the Institute's role is vital to the success of this effort.

The Institute will facilitate the establishment joint working groups and other follow-on activities deriving from these roundtables. In addition, the Institute has been asked to assist in the development of a Palestinian-Israeli joint legal liaison office, to be staffed by personnel from each side and to manage complaints and requests for legal assistance between the two systems.

Although this initiative was not anticipated in the FY 2000 budget, the Institute determined once again that it was necessary to defer other planned projects in order to respond to this request and support the Middle East peace process at this critical phase. Given the need expressed by Israeli and Palestinian officials to begin this dialogue effort promptly in the context of the overall peace process, the Institute will devote significant resources to this effort in FY 2000 and is requesting an increase to further fund this initiative in FY 2001.

Why an Increase for Inflation and Administrative Support?

A portion of the proposed increase results from a mixture of (1) an inflationary adjustment and (2) compensation to cover needs for increased administrative support (as the Institute's programs have expanded, we have given priority to increasing direct program efforts but now find we need to increase support functions).

Even a low rate of inflation, over time, erodes the buying power of a fixed appropriation level. The Institute believes that the program stability needed for effective operations cannot be assured over time without a continuing allowance for inflation. A single year without adjustment is unlikely to present a significant problem, but the cumulative effects over several years of level funding can be considerable. The effect over time will be: (1) erosion in the buying power and growth of the Institute's policy assessment work and its education and training activities; and (2) a reduction in grants and fellowships and other research activities, significantly constraining the Institute's capacity to respond to the changing world situation at a time when its services are most needed.

The parallel concern to inflation is the need to maintain the strength of the Institute's administrative and support units as the more program-oriented units continue to develop. For this purpose we are including plans for increased staffing in the Institute's publications and administration departments.

Evaluating the Effectiveness of Institute Programs and Sharing of Costs

The Institute is concerned that its programs maintain its standards of effectiveness. Quantitative measures of effectiveness for many activities in international affairs are difficult to establish since so many variables are at play and many outcomes are subject to political processes controlled by others.

The Institute's approach to evaluating the effectiveness of its programs varies according to the nature of the program:

> Research and Policy Analysis: Much of the Institute's analytical work is supported by grants and fellowships. For both grants and fellowships, the Institute employs peer review panels to consider applications. Grants of more than $40,000 are also evaluated by an external evaluator. Any previous grant recipient applying for another grant must have the performance under the first grant evaluated by an external evaluator before the Institute will consider the new application. A principal product of most fellowships is a book or report which the Institute will consider publishing only after completion of a peer review. To date, more than 86 books have passed these stringent review procedures. Peace scholars' dissertations are reviewed by university doctoral committees.
>
> A principal measure of the effectiveness of Institute publications is the extent of sales, course adoptions and published reviews. Analytical

efforts that the Institute conducts directly are evaluated by the participants and by the Institute's board of directors and management.

Through 1999, 23 books of the 83 published by USIP Press resulted from fellowships. (Numerous others have been published elsewhere.) Over 46,000 copies of USIP Press books have been sold. About half of these copies have been used for college courses. As used books are commonly sold in campus bookstores, the sales total significantly understates the total number of student readers. Additionally, about 15% of the total are purchased by libraries. A conservative estimate is that well over 150,000 readers have read USIP Press books originating in its fellowship program.

Practitioner Training and Education: Participants in every training program and seminar for teachers and professors are asked to evaluate their experience and identify ways to improve the structure of the program. A major test for training programs is the extent of follow-on business, particularly for those programs in which the partner organization is sharing project costs.

Education programs all include participant evaluations.

Consumer Satisfaction in the U.S.: Each year we survey recipients of Institute publications for their reactions to the items distributed and the responsiveness of the Institute in meeting their requests for information and other assistance.

Cost Sharing: Cost sharing is useful both as a means of stretching scarce budget resources and as a way of assessing the contributing party's interest in the quality of the Institute's work. The Institute grant program, for example, funds about $3 million of stipends each year which are combined with contributions from others that roughly match that amount. Nearly all training projects include cost sharing.

Operations on the Ground in Areas of Conflict: The effectiveness of activities conducted in areas of conflict is often extremely difficult to evaluate. The facilitation of the Kosovar Albanian leaders mentioned above is generally regarded as very successful and well worth the investment by the Institute and the Department of State. Its longer-term effects in Kosovo are very difficult to evaluate.

Proposed Appropriation Language

UNITED STATES INSTITUTE OF PEACE

For necessary expenses of the United States Institute of Peace as authorized in the United States Institute of Peace Act, $14,450,000 [$13,000,000]. ***(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 2000)***

Projected Operating Budgets for FY 2000 and FY 2001

The Institute's operating budget for each fiscal year includes (1) the year's final appropriation, (2) any funds carried over from the preceding year, (3) interest earned on funds held in the Endowment of the United States Institute of Peace,[1] (4) recoveries and de-obligations from prior fiscal years, and (5) certain miscellaneous receipts (e.g., sales of books and videotapes). Private contributions for the construction of a permanent headquarters and program related hospitality are not included in this operating budget.

FY 2000 Operating Budget: With a FY 2000 adjusted appropriation of $12,951,000, the Institute's operating budget for FY 2000 is estimated at $14,149,000. Of this amount, about $660,000 covers commitments and reservations for activities planned and developed in FY 1999 but not obligated until FY 2000. Thus, the funds available for new programming and commitments in FY 2000 are estimated at about $13,489,000.

FY 2001 Operating Budget: The Institute anticipates that the full operating budget for FY 2000 will be obligated or firmly committed by the end of the year and that there will be no significant carryover of uncommitted funds from FY 2000 into FY 2001. With an appropriation of $14,450,000 and estimated interest, refunds, and miscellaneous receipts of $670,000, the anticipated operating budget for FY 2001 will be $15,120,000.

Outline of This Budget Request

As noted above, this budget submission should be read in conjunction with the strategic planning presentation for FY 1998 through FY 2002, submitted in October 1997. This strategic planning presentation includes, among other things, a statement of the Institute's mission and its goals and objectives.

The remainder of this budget document presents the following:

- Part II briefly describes the international context of the Institute's work, a changing and unsettled world situation.
- Part III describes the Institute's board and its space and staffing plans.

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[1] In 1987, the Institute's Board of Directors established the Endowment of the United States Institute of Peace in the District of Columbia as a complementary nonprofit corporation to the Institute, sharing the same directors and officers and operating for the same purposes with the additional authority to invest funds. See section 1704(c) of the Institute of Peace Act. As authorized by section 1710(b), the Institute transfers unobligated funds from the Institute's Treasury account to the Endowment's account. These funds, which originate in the Treasury as "no year" monies, remain available in the Endowment until expended. The Institute follows a conservative investment policy, placing Endowment funds only in federally secured accounts or in federally issued or guaranteed securities, such as Treasury bills.

- Part IV describes the Institute's Special Initiative for Peacebuilding in the Balkans and the activities of the its other programs and departments.
- Part V presents a personnel summary and obligations by object classification.

Some duplication occurs in the following text because some activities are relevant for more than one section. For example, various Balkan activities may be described both under our special Balkans Initiative and under our training, fellowship, and grant programs.

OBLIGATIONS AND COMMITMENTS BY PROGRAMS
FY 1999 - FY 2001
($000's)

Program/Department	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
Special Balkans Initiative *	288	543	610
Education	678	756	907
Training	837	1148	1363
Research and Studies **	1008	1102	1110
Rule of Law **	372	546	639
Religion, Ethics, and Human Rights **	192	59	137
Grants	3408	3691	3857
Jennings Randolph Fellowships	1825	1814	1971
Jeannette Rankin Library **	468	432	447
Publications	1130	1135	1226
Communications	929	912	918
Management and Administration	1820	2011	1935
TOTAL	12955	14149	15120

* For the Special Balkans Initiative, this table only includes expenses for personnel, space, and postage and projects administered by the Institute's Special Balkans Initiative Group. Other expenses for the Initiative are included in the budgets for other programs and departments, including Education, Training, Rule of Law, Grants, Fellowships and Communications.

** Does not include grants and fellowships for these topics.

II. THE CHALLENGE OF TODAY'S AND TOMORROW'S INTERNATIONAL CONFLICTS: HOW TO USE NON-MILITARY APPROACHES FOR CONFLICT PREVENTION, MANAGEMENT, AND SETTLEMENT

NOTE: In each budget submission the Institute includes a discussion about the state of world conflict and how it may have improved or deteriorated during the past year — plus a general discussion about the Institute's capabilities for responding to the challenges posed by these conflicts. In each of the last several years the world situation has presented a mix of disturbing new conflicts and promising developments regarding some old ones, with continued uncertainty in the international community about the most appropriate and effective response for each case. This submission includes some of the same statements from previous submissions and indicates the changed circumstances in bold print.

A World of Diverse International Conflicts and Humanitarian Crises

Progress During the Past Decade: A decade after the Cold War ended, the world continues to benefit from an absence of conflict among the major powers. We can be thankful that we no longer are seriously threatened by the prospect of either a general nuclear exchange or a land war in Europe involving Russia and the Atlantic Community. Conflicts in other parts of the world — in Africa, Latin America, and elsewhere — no longer engage the U.S. and the Soviet Union as supporters of one side or another. Democratic practices and free market policies are now followed by more of the world's peoples and nations than ever before.

Continuing Problems and Challenges: Even with all the benefits of the end of the Cold War, however, violent conflict continues. The U.S. and the international community face considerable uncertainty about the state of international conflict generally and more specifically about the proliferation of regional and local conflicts. At a global level there are large unknowns, for example, about the future roles of Russia and China, as well as the future of the world economy and its effects on political stability and security. At regional and national levels, unmet aspirations for political, religious, and economic empowerment, unyielding separatist claims, virulent nationalism, ethnic hostilities, the collapse of civic institutions, economic catastrophe, and corrupt governance continue to spawn inter- and intra-state conflicts on a disturbingly broad scale. More specifically, conflicts in the Balkans and states of the former Soviet Union and elsewhere threaten the stability and prosperity of America and its allies.

The world necessarily is full of differences among peoples and nations, most of which never develop into violent conflicts. Every few months, however, a new potential war situation seems to emerge, even as new opportunities for peaceful conflict resolution become evident.

- **Asia presents ongoing challenges in North Korea, China-Taiwan, the**

South China Sea, Indonesia, India-Pakistan/Kashmir and Sri Lanka.

- The war in Chechnya continues with great loss of life and no resolution in sight.

- Africa remains a very turbulent area, with Ethiopia and Eritrea continuing their dispute, the Congo arriving at a tenuous but somewhat hopeful settlement, Angola continuing in a seemingly endless internal conflict fueled by oil and diamonds, and Sierra Leone suffering terrible harm.

- Latin America presents challenges with the continued conflict in Colombia, various potential border disputes and continued political uncertainty in Haiti.

Protracted Process and Impermanent Outcomes of Conflict Settlements: A number of conflicts which appeared on their way to settlement have taken much more time than originally anticipated to attain resolution; and even after substantial progress is made, the prospects for renewed violence remain high.

- In Bosnia, implementation of various elements in the Dayton accords remains incomplete, and the Dayton framework continues to support pre-war leaders.

- In Kosovo, implementation of the Milosevic-Holbrooke understandings broke down, and NATO -- under U.S. leadership -- fought an intensive 11-week air war, with the prospect of a more protracted continuation through a ground campaign.

- One only needs to mention the fragility of the settlement in Northern Ireland in light of continuing resistance of the IRA to disarming, the threat of further North Korean missile firings or the continued difficulties with Iraq and Cambodia, to underline the uncertainties and risks remaining after peace settlements appeared to be concluded.

- After a U.N.-sponsored referendum opened the way for independence, East Timor suffered mass destruction from anti-independence militias, leading to an Article VII intervention by an international military force.

On the positive side, the peace process between Israel and its Arab neighbors appears to have gained new life, but even so, many critical steps remain before the interested parties can claim permanent success.

Critical Need for a Comprehensive and Consistent Approach to World Conflict

Neither the U.S. nor the international community more broadly has developed a comprehensive/coherent or a consistent policy approach or institutional capacity

for dealing with the world's new and complex range of conflicts and humanitarian crises. Experience during the past decade with high-profile operations has been a mixture of singular achievements and operational difficulties that have put into question the credibility of the United Nations, regional organizations, "coalitions of the willing," and individual governments in dealing with international conflict. Even now, after a decade of effort and experience, Western policymakers and their publics still lack a political and policy consensus for determining how to respond to future crises of this character.

As the world changes in the new century, the character of diplomacy needs to change with it. Though there is now only one superpower, there are multiple regional power centers. Economic globalization and technological transformations have fostered growth and interdependence on an unprecedented scale and bring once distant problems closer to home.

The number of problems with serious foreign policy implications that are up for negotiation is growing, even as governments with strained budgets and pressing domestic concerns seek to limit the time and resources devoted to international efforts. Non-traditional actors — from non-governmental relief organizations to corporations to sub-national groups — are increasingly involved in international affairs. They are assuming obligations that governments and inter-governmental organizations are unwilling, unable, or unsuited to take on.

While traditional diplomacy and the governmental institutions that support it continue to play a primary role in addressing international conflicts, innovative diplomatic methods and mechanisms are emerging, such as "Track II" (i.e., informed but unofficial) negotiating approaches and humanitarian assistance programs managed by private-sector organizations. In fashioning responses to contemporary conflicts, a combination of old and new approaches often proves more effective than traditional diplomacy alone.

Growing Need for Education, Involvement, and Commitment of the American Public and the Next Generation of International Practitioners

As conflict abroad becomes more expensive, increasingly some question the interest and capabilities of the U.S. to continued engagement in the maintenance of global peace and security. At the same time, institutional support at federal and private levels for the education and training of the next generation of diplomats and other international practitioners will be needed to orient professionals in international affairs to new realities and give them a broader range of tools to use.

What We Are Learning

There is a widening recognition that the institutions, policies, and procedures that helped establish and preserve the relative order of the Cold War era — and which still deter traditional threats to peace — do not deal very effectively with today's ethnic and humanitarian crises. There is also broad acknowledgment that, if *any* outside effort can affect the course of a particular crisis, **U.S. leadership is most likely to make the critical difference.**

U.S. decision makers understandably want to have available as many workable options for coping with international conflicts as possible. Alternatives for action should not be limited to sending in the military, mounting expensive economic aid and support programs, relying on unwieldy multilateral institutions, or doing nothing. **It makes good sense to develop national and international capacities to prevent conflicts from escalating to the costly and destructive stage of violence, and to find ways of mitigating their consequences and bringing them to a point of peaceful resolution should preventive efforts fail. If this country makes an expensive investment in a peace process, it should not squander the short-term benefits of peace (a quick exit) by failing to consolidate such settlements as the Dayton or Kosovo accords. Failure to do so only creates the conditions for a new cycle of violence and instability. The prevention or effective management of conflict by political means is vastly less costly and risky than contending with the human and material damage, and often unpredictable political consequences, of an unchecked violent crisis.**

With the accumulation of experience since the fall of the Berlin Wall, we are now faced with the following combination of circumstances:

- **A clearer sense of the changed character of international conflict.** gaining such understanding is a continuing process as circumstances evolve. For example, the conflicts in Northern Ireland, the Basque country of Spain, and the Kurdish areas of Turkey, Iraq, and Iran might appear to have some similarities in that minorities in each case are seeking independence or at least greater autonomy, but the differences among these conflicts remain critical and require approaches tailored to the peculiarities of each case. The international community has no choice but to continue to seek to understand the nature of conflict in each situation where it may be involved, and to do

its best to identify the lessons learned from each one and judge the extent to which these lessons may be transferable to other circumstances.

- At the same time, while we continue to deepen our understanding of the nature of conflicts and approaches to their management, we must move ahead in **adapting existing institutions and training personnel in the public and private sectors** to meet the new challenges posed by all phases of conflict — from its prevention through crisis management, to negotiations and settlements that can lead to enduring peace. Much more attention is needed, for example, to both the conflict prevention phase and to the processes of reaching and implementing durable peace settlements.

- In addition, we must assess how the conduct of diplomacy and international relations is being transformed by the telecommunications revolution. Fundamental changes in the way people and institutions around the world communicate and collaborate with each other are under way as the "information resolution" advances, and these changes hold profound consequences for the management of conflict and international affairs.

<u>The Institute's Role – Innovating Techniques for Managing Today's Conflicts and Training the Emerging Generation for Tomorrow's World</u>

<u>Today's Conflicts</u>: The factors described above all point to the need for the kind of innovative research and capacity-building work that the Institute has been carrying out in recent years. The Institute is now maturing to a stage in its development where it is able to bring to new international conflicts the lessons learned from earlier experience — in such places as Cambodia, Somalia, Bosnia and elsewhere in the Balkans.

With the uncertain state of world affairs and the fragile equilibrium existing in many regions and critical countries, a crisis can emerge with relatively little warning. Greater effort must be devoted to preventing crises from developing, and we must anticipate the occasional emergence of conflicts that require quick, intense, and flexible responses from the Institute over and above its ongoing work.

Over the past decade the Institute has sponsored research and analysis on the conditions and requirements for establishing stable and lasting peace in areas of prolonged conflict. **The Institute's goals are to produce new and useful knowledge about how American interests can be served in areas of conflict by methods short of armed conflict, and to make this knowledge available to U.S. policymakers and relevant publics.**

The Institute mines the "lessons learned" from a variety of conflicts in different geographical areas as they relate to such critical issues as transitional justice,

power sharing, reconciliation, the role of key actors, the nurturing of indigenous groups in the reconciliation and reconstruction process, de-mining, repatriation, and the potential of new technologies to reduce duplication and reinforce synergies. In addition, the Institute uses all the tools at its disposal to further work in these areas by: (1) convening key actors to participate in operationally oriented dialogues on policy options between administration and non-administration players; (2) soliciting grant applications from a wide variety of experts that address key issues that others are not addressing; and (3) identifying fellows whose experience and expertise can be brought to bear on policy-relevant research.

In addition to its analytical efforts, the Institute increasingly is working on the ground in various areas of conflict, training people in the conflict area, providing technical assistance on such matters as how to organize truth commissions, and how to facilitate dialogue among the parties in conflict, as well as fostering Track II discussions with foreign governments and key groups relating to conflicts in which the U.S. has an interest.

Tomorrow's World – Educating the Emerging Generation of Leaders: By working at the high school, undergraduate and graduate levels, the Institute is helping to professionalize the education of young Americans in peacemaking by strengthening international conflict resolution and non-violent approaches to managing international disputes.

In carrying out this dimension of its mission, the Institute is:

- Improving classroom instruction by educating and training teachers from high schools and two- and four-year undergraduate institutions in specially developed seminars;

- Developing curricula and teaching materials for use in high school, undergraduate, and graduate classrooms on sources of various conflicts and how they can be managed by official and non-official organizations;

- Providing opportunities for postgraduate students to complete doctoral dissertation research on topics dealing with conflict and diplomacy; and

- Engaging students in exploring the complex challenges which policymakers face in responding to international conflict.

III. MANAGEMENT, ORGANIZATION, SPACE, AND STAFFING

Board of Directors

Board Structure

The Institute is an independent federal nonprofit corporation governed by a 15-member Board of Directors, 12 appointed from outside the federal government by the President and confirmed by the Senate, and 3 Senate-confirmed Executive Branch officials who serve *ex officio* (the Secretaries of State and of Defense, or Senate-confirmed designees from their agencies, and the President or Vice President of the National Defense University). Not more than eight directors may be of the same political party. Board members appointed from outside government have staggered four-year terms, may serve two terms, and may continue in office until their successors have been appointed.

Current Board Membership

Nongovernmental members

Chester A. Crocker (chairman), research professor of diplomacy, Georgetown University School of Foreign Service
Max M. Kampelman, Esq. (vice chairman), Fried, Frank, Harris, Shriver and Jacobson
Dennis L. Bark, senior fellow, Hoover Institution on War, Revolution and Peace, Stanford University
Stephen Hadley, Esq., Shea & Gardner, Washington, D.C.
Theodore M. Hesburgh, C.S.C., president emeritus, University of Notre Dame
Zalmay Khalilzad, RAND Corporation, Washington, D.C.
Seymour Martin Lipset, professor, George Mason University, Annandale, Virginia; resident scholar, Wilson Center, Smithsonian Institution
W. Scott Thompson, director, international development studies, Fletcher School of Law and Diplomacy, Tufts University
Allen Weinstein, president, Center for Democracy
Harriet Zimmerman, vice president, American Israel Public Affairs Committee
(Two vacancies)

Ex officio members

Stapleton Roy, assistant secretary of state for intelligence and research
Daniel H. Simpson, vice president, National Defense University
Walter B. Slocombe, under secretary of defense for policy

Ex officio (nonvoting)
Richard H. Solomon, president, United States Institute of Peace

On March 28, 1999, the *ex officio* position for the Director of ACDA was terminated when ACDA was abolished, based on the reorganization plan developed pursuant to the Foreign Affairs Agencies Consolidation Act of 1998. At that time the number of directors appointed from outside government increased from 11 to 12.

In November, 1999, the Senate confirmed the nominations of Stephen Hadley and Zalmay Khalilzad to fill two vacancies on the board. With these changes, among the 12 non-governmental position, there are now two remaining vacancies, and eight positions are being filled by board members whose terms

have expired but who may serve until they are replaced. (See Appendix A for biographical information about the Board of Directors.)

Space—Planning for a Permanent Headquarters

The Institute continues to occupy rented space in the central business district of Washington DC. At the end of October 1998, it moved to a new location at 1200 17th Street, NW.

At the same time, the Institute is continuing to develop plans for the construction of a permanent headquarters building just off the northwest corner of the National Mall at 23rd St. and Constitution Avenue. These plans for a permanent headquarters building are based on two changes in legislation affecting the Institute:

- In 1992, the Institute's legislation was amended to authorize it to accept private donations for the purpose of building or acquiring a permanent headquarters, and for program related hospitality.

- In September 1996, Congress and the Administration assisted the Institute in planning for a permanent headquarters by enacting legislation, which President Clinton signed into law, setting up a transfer to the Institute of a plot of federal property located at the northwest corner of 23rd Street and Constitution Avenue, NW, in Washington, D.C. In November 1996, the Secretary of the Navy and the Institute entered into an agreement transferring jurisdiction of the site to the Institute.

This legislation puts the Institute in a position to raise private-sector funding for a headquarters facility that will substantially enhance the Institute's ability to promote its education and training, policy development, and peacebuilding programs. As noted in previous years, if necessary, some of the Institute's miscellaneous receipts (i.e., from book sales and interest on investments) may be utilized for the expenses of developing the headquarters (such as architectural, legal and fundraising costs).

During FY 1998 and FY 1999, the Institute has increased its private fundraising activities and has been able to pay for all such expenses for the project from private contributions. If necessary, however, the Institute remains prepared to use some of its miscellaneous receipts to cover the costs of developing the building headquarters.

During the past year the Institute has completed much of the technical analysis of the building site. This phase in the project has included a boundary survey and soil borings that have identified the location of the bedrock under the site and the nature of the subsoil and utility lines. In addition, an architectural firm is preparing an architectural program that will combine an examination of the Institute's space needs and the size and characteristics of a building that can be

built on this particular site.

Additional Staffing for Practitioner Training, Education and Support Functions

PERSONNEL SUMMARY
FY 1998 – FY 2001

Compensable Work Years (Full-time Equivalent Employment - FTEs)

	FY 1998		FY 1999		FY 2000		FY 2001
	Budget Request	Actual	Budget Request	Actual	Budget Request	Estimate	Budget Request
Regular Programs	59	56	59	59	64	62	68
Rule of Law Program			2				
Special Balkans Initiative	--	--	3				
Training	--	--	--		3	3	1
Education							1
Publication / Administrative support						1	3
TOTAL	59	56	64	59	67	66	73

The increased demand for Institute programs due to the proliferation of conflicts and the increased expertise and relevance of Institute programs has put considerable pressure on the staffing and budgetary resources of the Institute. As in past years, we have responded to this growing demand in a number of ways, including a regular review of organization and procedures, elimination of some projects, more precise setting and adherence to priorities and, where possible and appropriate, collaboration with other institutions. In short, the success of the Institute programs, has generated more demand for its programs at a time when its expertise is increasingly relevant to today's foreign policy challenges.

Expanding program activities requires some expansion in staff. For 3 fiscal years – 1996, 1997, and 1998 – the Institute programmed a steady level of 59 compensable work years (i.e., FTEs) to carry out its programs. In FY 1999, we programmed 64 FTEs to cover increases for the Balkans and Rule of Law; actual FTEs totaled 59, a level that was less than the programmed level due to staff turnover and greater time than anticipated to fill vacant positions.

For FY 2000 and FY 2001, the Institute projects staffing of 66 FTEs and 72 FTEs respectively. These levels represent:

- For FY 2000, an increase of 3 positions for the expanding Training Program and 1 position for administrative support

- For FY 2001, an increase of 2 positions to support increased demands in the Training and Education Programs and 3 positions for publications and administrative support.

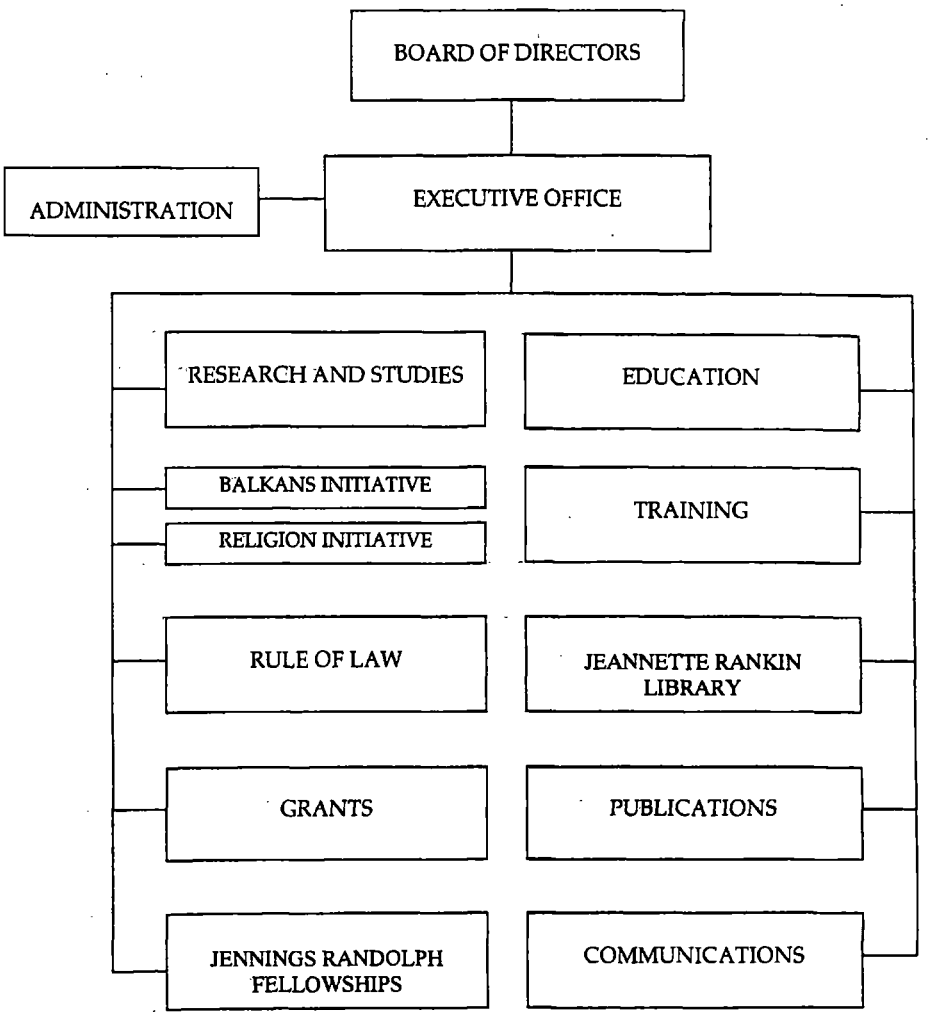
New Director and Larger Staff for Practitioner Training: A new director of its training activities began work in early April, 1999. In order to carry out the continued expansion of its practitioner training program (as described above and in the section on the Training Program below), the addition of new staff is essential. For this purpose during FY 2000 the Institute will approximately double its current training staff by adding 3 full-time positions. In FY 2001 one more position will be added.

Publications and Administration Staffing: There have been additions to the substantive staff in program units, without any increase in some of the support positions. These expanded programs have put strains on the Publications and Administration units. The Institute is therefore, planning to add 4 positions to these units to enable them to provide the necessary assistance.

Organization:

The Institute's organizational units are shown on the chart that follows. With the significant growth projected for the Institute's training, the Institute divided the Education and Training Program into two separate programs, one for Education and another for Training.

UNITED STATES INSTITUTE OF PEACE
ORGANIZATION CHART



64-439 00 - 20

SPECIAL BALKANS INITIATIVE
(in thousands of dollars)

By Activity

	1999 Actual	2000 Estimate	2001 Estimate	Net Change 2000-2001
TOTAL	288	543	610	67

By Object Classification

	1999 Actual		2000 Estimate		2001 Estimate		Net Change 2000-2001	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel								
Full-time	0. 33	32	3.10	217	3.20	225	0.10	8
Other	---	---	---	---	---	---	---	---
Benefits		6		39		46		7
Total	**0.33**	**38**	**3.10**	**256**	**3.20**	**271**	**0.10**	**15**
Travel								
Invitational		128		93		118		25
Other		23		70		65		(5)
Total		**151**		**163**		**183**		**20**
Office Rent		51		20		20		---
Other Rent/Comm.		7		---		---		---
Postage		6		5		4		(1)
Printing		---		9		26		17
Other Services		35		90		100		10
Supplies		---		---		6		6
Furn. & Equip.		---		---		---		---
Scholarships		---		---		---		---
Total Other		**99**		**124**		**156**		**32**
TOTAL	**0.3**	**288**	**3.10**	**543**	**3.20**	**610**	**0.10**	**67**

IV. JUSTIFICATION BY PROGRAM

SPECIAL INITIATIVE FOR CONFLICT PREVENTION AND PEACEBUILDING IN THE BALKANS

Overview of Peace Implementation and Conflict Prevention

Since the signing of the Dayton accords; the Institute has focused significant resources on peacebuilding programs in the former Yugoslavia and built a strong analytical framework for policy discussions through its Balkans Working Group. After concentrating initially on peace implementation in Bosnia, the Institute is expanding its efforts to include peace implementation in Kosovo and Croatia as well as conflict prevention in Serbia, Montenegro, Macedonia and Albania. In addition, contributing to work on a regional "Stability Pact" involving all of the countries in the region and establishing a basis for regional security will require substantial additional effort.

Peace Implementation — Ongoing needs in Bosnia, New Demands in Kosovo, Possible Opportunities in Croatia

Bosnia and the Dayton Accords: In 1997 when President Clinton extended the commitment of U.S. troops to a peacekeeping mission in Bosnia, he called for a redoubled effort at building civil society and the structure for a lasting peace for Bosnia and the region as a whole. The President's words underscore that necessary rebuilding and reshaping of society requires the creation of a culture of peace that involves key groups, including the younger generation. Also important will be consideration of institutional changes to upgrade the Dayton framework, which left in place three warring parties, included constitutional provisions that do not meet international standards and created a nonfunctional central government. Further research as to how Dayton can be improved is required. One particular aspect of the Dayton framework that needs immediate support which we will seek to provide is implementation of the Brcko arbitration decision. This decision, made by an American arbitrator and implemented by an American supervisor establishes starting in February 2000 a new multiethnic institution for this strategically critical Bosnian hotspot.

Kosovo: With an international protectorate in place, peace implementation efforts in Kosovo need to focus on building indigenous capacities to govern and overcoming destabilizing divisiveness among the Kosovar Albanians and between them and the Kosovar Serbs and other minorities. Tensions between the Serbian and Albanian communities and the increase in revenge attacks against minorities continue to test the international community and suggest a strong need for conflict resolution programs.

Dialogue Among Kosovar Albanian Leaders: In September 1999, the Institute hosted, at the request of the State Department, over forty Kosovar Albanian political, economic and civil society leaders for four days of meetings at the Lansdowne Conference Center near Leesburg, Virginia. Participants included the political head of the Kosovo Liberation Army and several principal leaders from the Democratic League. In their meetings the participants addressed various conflicts within the Albanian community that were blocking peace implementation. In this process they became better acquainted with each other and worked on how to promote political and economic development in the context of a civil society in Kosovo. This facilitated dialogue was supported by a team assembled by the Institute. With the Institute's guidance, the participants agreed on a mechanism and a code of conduct for future cooperation that included their commitment to a multi-ethnic society. This effort will require intense follow-up in FY 2000 and FY 2001.

Dialogue With Kosovo Serb Leaders: In December 1999, the Institute hosted, with State Department concurrence, democratically oriented Kosovo Serb leaders, as well as advisors from Belgrade, at a meeting in Sofia, Bulgaria. Led by Bishop Artemije — the leading figure of the Serbian Orthodox Church in Kosovo — the group included representatives from several political parties as well as universities and medical institutions. They sought to define the kind of Kosovo in which they would like to live as well as steps needed to move in that direction. An Institute-assembled team facilitated this effort, which has formed the basis of subsequent efforts to integrate the Serb community more fully into the Kosovo peace process. The Institute plans to followup on these meetings as the changing situation warrants. We hope that points in common between the Lansdowne Declaration and the Sofia Declaration (including security, the rule of law, economic development and the establishment of civil society) can eventually be used as the basis for an intercommunal dialogue.

Croatia: The parliamentary and presidential elections in Croatia, in which the democratic opposition swept away the Tudjman regime, offer an opportunity for renewed peace implementation efforts. Croatian approaches to Serb refugee returns, Bosnian sovereignty and war crimes indictments are expected to change sharply, opening up prospects for ethnic reconciliation and democratization of broad regional significance.

Conflict Prevention — The Federal Republic of Yugoslavia and Its Neighbors

Serbia and Montenegro: In the aftermath of NATO's campaign in Kosovo and Serbia, the potential remains for further violence by the Milosevic regime: a crackdown on pro-democracy demonstrators, fomenting of ethnic conflict in Sandjak (split between Serbs and Muslim Slavs) or Vojvodina (which has a significant Hungarian minority), and destabilization of Montenegro, whose government has taken remarkable steps to transition into a multiethnic, democratic and pro-Western state. A pro-active program of conflict prevention could help to avoid the kinds of destabilization and war that in the 1990s affected Slovenia, Croatia, Bosnia and Kosovo.

Macedonia and Albania: Stability is also an issue in Macedonia, which has a large and rapidly growing Albanian minority, and Albania, which has been plagued by state collapse, criminality and political strife. Military intervention in either place would cost many times the price of preventive programs.

Institute's Key Objectives

In this context the Institute's key objectives in the Balkans have developed both on the ground and in the U.S. as well:

On the ground in the Balkans

- **to help create the conditions for long term stability by building local capacities for conflict prevention, peace implementation and regional cooperation;**
- **to introduce conflict resolution methods to police, political and community leaders and international actors;**
- **To develop a constituency for peaceful conflict resolution, especially in the next generation.**

In the U.S.:

- **to provide a forum in Washington, D.C. for discussion among administration and non-administration players to develop policy options, exchange information and build consensus on next steps to secure peace throughout the Balkans.**

The Institute's Growing Role and Contributions through FY 1999

The Institute's pioneering work on the implementation of the Dayton accords, post-conflict resolution, and peacebuilding has supported U.S. government efforts to further the peace process in Bosnia-Herzegovina, Kosovo, and the

wider Balkan region.

In applying its expertise on post-conflict societies to the challenge of Bosnia, the Institute identified key groups — such as justice officials, religious and community leaders, police, and the media — that need special support in the transition from conflict to peace. In FY 1996, FY 1997 and FY 1998, the major focus of the Institute's work was on the ground in Bosnia, with some work within the policy community in Washington. In FY 1998 and FY 1999, it began to expand its work to include the wider Balkan region. (see part I for more details).

Plans for FY 2000 and FY 2001 — Need for Additional Funding in FY 2001:
During the next two years the Institute plans to concentrate on projects that foster peace implementation, reconciliation, and multiethnic tolerance by working with local institutions, supporting educational bodies, and holding or participating in specialized conferences, including one on the fifth anniversary of the Dayton accords. The Institute will build upon the facilitations involving Kosovo Albanian and Serb leaders by promoting a Serb-Albanian dialogue within Kosovo. The Institute is also planning programs on conflict prevention in Serbia and the provinces of Sandjak and Vojvodina as well as Montenegro and Macedonia. The Institute will conduct a series of conflict prevention studies on security, crime and corruption in Albania.

Growing demand for the Institute's involvement puts pressure on limited financial and staffing resources. Its work has now reached a critical stage where it is being urged to expand its conflict prevention and peacebuilding efforts in more countries in the region. Much of this work is mutually reinforcing.

To carry out the work outlined below, the Institute requests additional funds to further U.S. foreign policy objectives in areas where it has developed unique and well-proven capabilities. The Institute will address needs for conflict prevention and management, diplomatic, political-military, education, justice measures – and in so doing will draw on the efforts of various Institute programs in the Balkans and other parts of the world.

These Institute activities differ from the work of other U.S.-supported programs and serve as cost-effective supplements to both foreign assistance and military intervention. In the absence of peacebuilding efforts, international economic aid may be wasted on projects that are not viable because of continuing conflict. Peacebuilding creates the conditions that enable much more expensive brick and mortar projects to be politically as well as economically viable. Moreover, small amounts invested in conflict prevention can help to avoid military activities costing many times more.

Summary of Activities Planned for FY 2000-FY2001

In FY 2000 and FY 2001 Institute programs will take place in more Balkan countries than ever before. Emphasis in the last two fiscal years has been focused on Dayton implementation in Bosnia, democratization in Serbia, regional

efforts at stability, and conflict prevention and resolution in Kosovo.

In the next two years, the Institute will expand these efforts, using all its program mechanisms — including projects it conducts in-house as well as those conducted by others and funded through Institute grants and fellowships. The Institute plans to maintain as much flexibility as possible about which mechanisms will be used for particular purposes, but in any case expects grants and fellowships to be used in ways that will directly complement and further its own in-house efforts.

Conflict Prevention in Serbia, Albania, Macedonia and Montenegro

In the area of conflict prevention, the Institute will focus on:

- Preventing violence in Serbia by supporting moderate forces committed to democratic evolution through training, grants and a possible third-party facilitation to reduce intra-opposition frictions.

- Inoculating Sandjak and Vojvodina against violence, principally by using grants for NGO projects committed to interethnic communication and development of conflict prevention strategies.

- Supporting an unofficial U.S./Yugoslav Track II dialogue by convening key individuals who can help design the elements of rapprochement between Serbia and both Europe and the U.S.

- Closely analyzing through appropriate working groups the potential for interethnic strife and supporting multiethnic institution-building in Macedonia and Montenegro, convening if requested by both groups an unofficial Slav/Albanian dialogue in Macedonia and fostering an interethnic study of the prospective University of Tetovo.

- Conducting a security and stability study of Albania, with particular focus on corruption and narcotics trafficking, followed by a working group that will pull together efforts being made in this area and begin to work with civil society groups in Albania to provide them with information, orientation and materials to focus broader attention on this issue.

- Training political and civil society leaders on a regional basis for participation in the development of a regional Stability Pact. This training will focus on emerging leaders in Macedonia, Albania, Romania, Bulgaria, Montenegro, Croatia, Bosnia and Kosovo.

- Convening, within the Stability Pact framework, a regional conference on security, crime, and corruption and their relationship to conflict prevention, drawing on the Institute's strengths in working across official and unofficial lines which are particularly important on this issue, i.e. to bridge the gaps between the efforts of law enforcement and international authorities and those of civil society.

- Working with Balkan educational systems, in the short term, on the transformation of history curriculum and textbooks and, in the longer term, on the establishment of a conflict resolution network among faculties and institutions in the Balkans (and later more broadly in Southeastern Europe).

Peace Implementation in Croatia, Bosnia, and Kosovo

The Institute will further develop its emphasis on peace implementation and post-conflict transition by:

- Conducting more training in conflict resolution skills of both international police monitors and local police and community leaders in Bosnia and in Kosovo.

- Followingup the Lansdowne process with the Kosovar leadership by hosting an evaluation meeting in Europe in order to reinforce agreements on cooperation and identify additional areas of support.

- Convening a Serb/Albanian dialogue in Kosovo by building on the two facilitations conducted with each group separately.

- Sponsoring a Dayton 5-year evaluation and book, with a view to proposals for going beyond Dayton to the next stage of peace implementation.

- Providing support to peace implementation and ethnic reconciliation activities in Brcko (Bosnia) following the arbitration decision; at the request of the U.S. supervisor, we are developing a plan for Brcko that will require staff spending some time on the ground in FY 2000 working with NGO's and representatives of international organizations to identify grants, exchanges and training that will run through FY 2001.

- Provide similar support in the U.S. sector in Kosovo, where Serb/Albanian strife is threatening harm to U.S. soldiers.

- Following this winter's elections, sponsoring a multiethnic conference on the future of Croatia to help shape reconciliation there.

- Continuing efforts to support development of a Truth and Reconciliation Commission in Bosnia and in its special religion initiative to support the Interreligious Council in Bosnia.

Regular Meetings of the Balkans Working Group

The Balkans Working Group, which has become a prominent forum for discussions among administration officials, NGOs, foreign diplomats and congressional staff, will continue to convene experts to discuss critical topics

concerning Balkans peace and security and publish its findings in Institute special reports. These will include reports on minority refugee returns throughout the Balkans, prospects for ethnic cooperation in Macedonia, evaluating the international protectorate in Kosovo, national security issues in Montenegro, Croatia's European vocation, prospects for democracy in Serbia and proposals to fill the Stability Pact "baskets."

In the past year, working group meetings have addressed such issues as:

- Prospects for democratization in Serbia;
- Croatia's democratic transition and the post-Tudjman era;
- Albanian nationalism and regional security; and
- Fostering civil society throughout the Balkans;
- Conflict prevention in Macedonia; and
- Minority returns throughout the Balkans region.

In the coming year, these meetings are expected to address:

- Bosnia and Herzegovina "beyond Dayton";
- Crime and corruption and their impact on stability;
- Brcko and the prospects for successful implementation of the arbitration decision;
- the regional Stability Pact; and
- Consideration of a truth commission in Kosovo.

Fellowships Supporting the Balkans Initiative

The Institute will continue to fund the work of outstanding scholars and practitioners by awarding fellowships to experts working on Balkan topics similar to those listed below. It will have five resident scholars in FY 2000 working on the Balkans and expects to increase that number in FY 2001.

In FY 2000, the Institute is supporting the following Senior Fellows whose work will directly contribute to the Balkans Initiative:

- **Dr. Keith Brown,** Department of Anthropology, University of Wales, will conduct research on "Accommodating Identities in Macedonia: Lessons for Conflict Resolution in Multiethnic Societies."
- **Mr. Stojan Cerovic,** Columnist, Vreme, Belgrade, who will work on the future of the Federal Republic of Yugoslavia.
- **Mr. Kemal Kurspahic,** Former Editor-in-Chief, Oslobodjenje, Sarajevo, who will conduct research on "Voices of Hatred, Voices of Tolerance: The Media in Bosnian Conflict and Reconciliation."

- **Col. Alan Swain**, United States Army, Office of the Joint Chiefs of Staff, is conducting research on "Lessons from Bosnia for Peace Operations in Kosovo."

In addition, the Institute is hosting a Guest Scholar:

- **Tone Bringa**, University of Bergen (Norway), "Refugee Return and Reintegration in Central Bosnia."

Senior Fellows in recent years working on Balkan issues have included:

- Regional scholars, antiwar activists, and journalists such as **Vesna Pesic** (1994-95) who wrote an analysis of the origins of the Yugoslav conflict published by the Institute in 1996; educator and trainer **Ruzica Rosandic** (1997-98) who has written a manuscript on efforts to promote peace education in Serbia and who played an active role in the fellowship program's study group on forgiveness and reconciliation.

- U.S. Army Fellows at the Institute on assignment from the U.S. Army War College have consistently looked at issues concerning peace operations and military training, with Bosnia as an ongoing case study. **Col. J. Michael Hardesty** (1995-96), **Col. Volney James Warner** (1996-97), **Col. Michael Alvis** have all contributed an important, military perspective to the Institute's Bosnia work. Col. Warner later headed the U.S. brigade in Tuzla. **Col. Howard A. Olsen** (1998-99) was on assignment from the U.S. Army War College and examined "Strategic Leadership for Peace Operations," surveying the experience of general officers in Bosnia and asking how U.S. strategic leadership training for peace operations can be improved.

- Professor **Terrence Hopmann** of Brown University (1997-98), who is an expert on the OSCE, Russia, and European security and who has experience in training programs, has contributed to designing and conducting Institute training efforts in Europe and the Balkan region.

The Peace Scholars Program has attracted outstanding graduate students working on the Balkans. In recent years, the Institute welcomed:

Jon Western (1998-99), doctoral candidate in political science at Columbia University, and former State Department Desk Officer, to conduct research on the normative dimension of foreign intervention.

Vjekoslav Perica (1996-97), a Croatian doctoral candidate in history at the University of Minnesota and former journalist whose dissertation examines the role of religious organizations in mobilizing ethnic rivalries in the former Yugoslavia and who assisted the Institute's efforts to promote religious reconciliation in Bosnia.

Grants Addressing Questions of Conflict in the Balkans

With growing demand and enhanced Institute outreach, the number of Balkans grants is expected to grow in FY 2000 and FY 2001. Recent efforts at outreach to attract applications of interest to the Institute include a recent series of meetings with potential grantee NGOs in Croatia, Bosnia, Montenegro, Kosovo and Macedonia as well as projected visits by a grants official to Brcko and the U.S. sector in Kosovo. The Institute expects that at least one of its topics for solicited grants in FY 2001 will focus on conflict in the Balkans.

Grant projects on Balkan topics funded in FY 1999 included:

- A book on the history of the first four years of the peace process in Bosnia and Herzegovina,

- examining the evolution of Bosnian society and the possibilities for reconstructing multiethnicity, as well as the steps that should be taken to preserve Bosnia as a multiethnic state. (Christopher Bennett)

- A project to establish a training institute to raise the level of professionalism of judges in Bosnia as a step toward a strong independent judicial system. (American Bar Association – Fund for Justice and Education)

- A project to build an indigenous institutional capacity within Bosnia and Herzegovina that is competent to facilitate civil society initiatives, conflict resolution, and reconciliation efforts within and between religious communities. (Center for Religious Dialogue, Center for Strategic and International Studies)

- A project to explore the possibilities of developing a nonofficial dialogue between Kosovo and Serbs over the longer time. (Conflict Management Group)

- A public training program in peace studies in Belgrade including courses, workshops and lectures, developed for students of diverse ethnic backgrounds. (GROUP MOST CAA)

- Two training workshops to address the integration of conflict management with the delivery of health care, as well as the potential role of health professionals in social reconstruction and community reconciliation, with participants from all parts of the former Yugoslavia. (Institute for Resource and Security Studies)

- A training program based at three Centers for Civic Cooperation, in Vinkovic in Eastern Croatia and in Gradacac and Odzak in Bosnia-Herzegovina, to foster confidence and consensus building and conflict resolution skills, enabling local leaders to address inter-ethnic tensions and advance reconciliation in the context of civic infrastructure reconstruction. (Institute of World Affairs, Zagreb, Croatia)

- A project to analyze Albanian nationalism in Kosovo, Macedonia and Albania to consider approaches for improving ethnic relations in the South Balkans, including specific policy proposals. (International Crisis Group)

- A research project on the link between ethnicity and violent conflicts which questions the assumptions underlying policies and institutions emphasizing ethnic sentiment as the key to resolving the Bosnian conflict. (Ithaca College)

- A project to produce a book assessing the experience of U.S. Army peacekeepers in Bosnia since 1996. (Memorial Hall Association)

- A project designed to motivate and educate young people in Bosnia and Herzegovina about positive events and instances of multiethnic tolerance in their surroundings during and after the war. (Protector)

- A television and radio programming initiative engaging the mayors of Tuzla, Brcko and Brcko-Ravne to enhance public understanding of and stimulate debate on human rights and democracy-building topics. (Radio Kameleon)

- A project to promote the reintegration of minority populations in communities located in the Zone of Separation between Brcko town in the Republika Srpska and the Municipality of Brcko in the Federation. (World Vision)

Practitioner Training

Training in conflict resolution for key groups has been a major element of the Institute's efforts to promote reconciliation. These projects include training

conducted directly by the Institute as well as training carried out by other organizations with grant support. The training programs have targeted public officials and other key individuals both from the region and from the U.S.

As indicated previously, during the next two years training efforts in the Balkans will concentrate on developing effective police forces and on conflict resolution training for emerging leaders in the countries of conflict and their neighbors.

The Institute was requested by the International Criminal Investigative Training Assistance Program (ICITAP) of the Department of Justice to provide training and educational materials for use by police enforcement officials in Bosnia. It was also asked to integrate its training material into a permanent ICITAP curriculum on civil disorder management, part of the U.S. government's bilateral assistance on public security and justice reform.

The Institute has been asked to conduct free-standing seminars for elements of the public security systems in Bosnia. With the support of the State Department's Bureau of International Narcotics and Law Enforcement, ICITAP, and the Federation's Minister of the Interior, the Institute is developing a three-tier approach toward the Bosnian public security system. A seminar is planned for the Minister of Interior and the Cantonal Ministers of Police and their deputies; a series of seminars is planned for chiefs of police and key staff from the various model stations in the Federation.

The Institute has been asked to conduct seminars for a select group of the UN International Police Task Force (IPTF) officers who will be co-located with local police and serve as advisers. This will include a train-the-trainers component, thereby allowing the UN to conduct conflict analysis and management training more widely, using the Institute's model. The IPTF training will closely parallel the training given with ICITAP directly to local police, thereby encouraging the delivery of consistent messages in public security. The Institute hopes to develop this approach for use in Kosovo as early as FY 2000.

In partnership with the Hellenic Foundation (Athens, Greece), the Institute has conducted four training programs for Balkan foreign affairs practitioners and policymakers, principally from foreign and defense ministries and offices of presidents. These programs allow participants to develop conflict analysis and negotiations skills, as well as explore diplomatic means for dealing with conflicts in the region, and have helped create an important network of conflict resolution practitioners in the region. Graduates of this training are engaged in the current negotiations over the future of Kosovo, thereby directly benefiting from the training. In FY 2000 and FY 2001, these training programs will be focused on the development of the Stability Pact.

Building Inter-Religious Cooperation

The Institute's Religion, Ethics and Human Rights Initiative has supported the efforts of top religious leaders in Bosnia to form an Inter-Religious Council (IRC). The council's mission is to work "together to replace hostility with cooperation

and respect" and to acknowledge a shared moral commitment. After a long period of relative inactivity, the IRC has begun to operate effectively: it has published a glossary of religious terms aimed at minimizing the use of discriminatory language, which is the direct result of the Institute's initial meeting with religious leaders and scholars from the region. Religious leaders have also appeared together on Bosnian television and sponsored a weekly radio program. While the Institute's seminal role has been completed, it will want to support some specific IRC activities related to peacebuilding, especially if the IRC undertakes concrete efforts in the Brcko area (which is of particular importance to the U.S.) or on behalf of the Truth and Reconciliation Commission. This could mean help in conceiving and organizing meetings to strengthen the message of reconciliation that the leaders might promote.

Rule of Law

The Rule of Law Program has worked with justice officials on war crimes accountability, establishing protection for trial witnesses, more effective police screening procedures, programs to improve the efficiency of the International War Crimes Tribunal at The Hague, and the development of a Truth and Reconciliation Commission. The Institute has taken the lead in supporting Bosnian efforts to develop a proposal for a single Truth and Reconciliation Commission for Bosnia and Herzegovina, recognizing that victims should have a forum in which to tell their stories, where a common history of the war can be documented and recommendations can be developed for the prevention of future abuses. A highly successful meeting in Sarajevo in February 2000 concerning the Commission is expected to lead to efforts by both the IRC and the NGO community to carry the proposal forward.

In FY 2000 and FY 2001, the Rule of Law Program will contribute to work on "beyond Dayton" Bosnia, work with the local NGO community to begin writing a constitution for Kosovo, and provide research and technical assistance to the Swedish initiative for a commission of inquiry into events in Kosovo.

Educating the Next Generation

The Institute has begun to devote resources to promoting indigenous educational reform to support conflict prevention and peace implementation. One project is examining the degree to which school texts in the former Yugoslavia have been reformed and possible future requirements, drawing on the experience of other societies in transition.

In FY 2000, the Institute has co-sponsored a meeting in Bucharest with the Black Sea Institute to bring together experts from the Balkans who can share information on educational issues related to post-conflict reconciliation. The aim is to build a network or share experience among educational institutions as they try to reform their own systems. In FY 2001 this activity will be extended to meetings with local residents, NGOs, and reform-minded educational authorities.

Measures of Effectiveness and Cost Sharing

There is clearly growing recognition of the Institute's expertise on the Balkans and its record in helping to develop and increase understanding of alternative courses of action for the U.S. and the international community. The staff receives daily requests from the American and international media for commentary on current events, Institute reports are regularly republished in Balkans media and discussed widely both in the region and in the U.S., and Institute activities are watched closely by key decision makers both in the region and in Washington. We have been requested by the State Department, the NSC, the Defense Department and the CIA to share working group conclusions and recommendations. Administration officials and foreign governments as well as NGOs and members of Congress often seek Institute views while formulating their own positions on Balkan issues. On a recent visit to the Balkans, Institute staff met with presidents, prime ministers and foreign ministers at each stop. All were well aware of Institute activities, and several offered suggestions for future projects.

The Institute arranges for its partner organizations to pay for as much of the program costs as possible. Recent examples:

Kosovar Facilitations: The State Department paid for more than half of the facilitation conducted with Kosovar Albanian leaders and contributed significantly to the facilitation with the Kosovar Serbs. In the Institute's meeting with the Albanians, prominent experts contributed their time: former Senator Robert Dole, the managing director of Lazard Freres, a vice president of the U.S. Chamber of Commerce, a prominent investment banker, and a World Bank vice president. Two facilitators served for honorariums far below their usual fees. In Sofia with the Serbs, two prominent Bulgarians and the American Ambassador contributed their time, and a Bulgarian NGO contributed major logistical support.

Balkans Working Group: Eight hundred people participated in the 17 meetings of the Balkans Working Group in FY 1999, including a score of unpaid speakers.

TRAINING PROGRAM
(in thousands of dollars)

By Activity

	1999 Actual	2000 Estimate	2001 Estimate	Net Change 2000-2001
TOTAL	837	1,148	1,363	215

By Object Classification

	1999 Actual		2000 Estimate		2001 Estimate		Net Change 2000-2001	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel								
Full-time	3.68	273	6.35	424	8.20	504	1.85	80
Other	---	---	---	---	---	---	---	---
Benefits		61		97		118		21
Total	**3.68**	**334**	**6.35**	**521**	**8.20**	**622**	**1.85**	**101**
Travel								
Invitational		203		276		400		124
Other		90		101		61		(40)
Total		**293**		**377**		**461**		**84**
Office Rent		66		62		62		---
Other Rent/Comm		1		---		---		---
Postage		8		13		13		---
Printing		3		11		10		(1)
Other Services		128		164		180		16
Supplies		4		---		15		15
Furn. & Equip.		---		---		---		---
Scholarships		---		---		---		---
Total Other		**210**		**250**		**280**		**30**
TOTAL	3.68	837	6.35	1,148	8.20	1,363	1.85	215

PRACTITIONER TRAINING PROGRAM

Program Overview

The Institute's training activities are focused on fulfilling its mandate from Congress to "conduct training, symposia, and continuing education programs for practitioners, policymakers, policy implementers, and citizens and non-citizens directed to developing their skills in international peace and conflict resolution." In response to strong Congressional interest, the Institute is committed to expanding its training activities. The establishment in April 1999 of a separate Practitioner Training Program is evidence of this commitment.

Training at the Institute aims at providing practitioners with the skills needed to become more effective in dealing with conflict in all its phases, from origins to resolution. Conflict analysis, negotiating skills, and mediation techniques are areas of primary training focus. The Institute continues to target its limited resources on key audiences, thereby achieving significant multiplier effects. Priority audiences for the Institute are: (1) foreign affairs professionals, from the United States and other countries, who are engaged in conflict prevention, management, and resolution; (2) officials of intergovernmental organizations, such as the United Nations, the Organization for Security and Cooperation in Europe, and the Organization of American States; and (3) leaders and staff of non-governmental organizations, civic groups, and other non-profit organizations. Given the professional nature of these audiences, the Institute's training philosophy emphasizes interactive learning that draws on the participants' own experiences. Role-play exercises, simulations, and case studies are employed frequently.

The Institute is well placed to make a special contribution in the area of training. It enjoys unique access to a network of federal policymakers, military officers, international leaders, NGO personnel, and leading authorities in the field of conflict prevention and resolution. This access, coupled with an appropriate degree of independence, allows the Institute to act as a catalyst in creating significant linkages among these disparate communities.

The Institute's training activities also take advantage of the expertise developed in other Institute programs. Researchers associated with Institute initiatives on the Rule of Law; Transitional Justice; Religion, Ethics, and Human Rights; and Cross-Cultural Negotiation regularly help conduct training programs. In addition, the Institute's Grant Program has continued to invest in conflict resolution training programs offered by NGOs and other institutions, both in the U.S. and abroad. These grants supplement and enrich the work of the training program.

Activities through FY 2001

As noted in Part I above, the Institute seeks additional funding to further expand its training program in FY 2001. The main features of this effort will be increased training for police and community leaders in the Balkans, plus special training for emerging leaders in Balkan countries that have been affected by the conflicts in Bosnia and Kosovo, such as Romania and Bulgaria. These new activities will build upon the progress made in the last two years.

Women Waging Peace: During two weeks in December 1999, 110 women leaders from ten zones of conflict around the world met in Cambridge, Massachusetts to launch Women Waging Peace — a global network of shared interest in peace. The program took place under the umbrella of Harvard University's Kennedy School of Government and the Hunt Alternatives Foundation. The Institute played a leading role in this ambitious effort, funding and chairing the working group that designed a strategy for coalition building. Institute trainers facilitated a week-long program that helped the delegates relate their own experiences with conflict and peace-building and to devise strategies for mutual support.

The delegates were selected from Azerbaijan/Armenia, Boston urban neighborhoods, Colombia, Cyprus, India/Pakistan, the Israeli/Palestinian conflict, Northern Ireland, South Africa, Sudan, and the post-Yugoslav region. The delegates returned to their homes empowered both by a cyber-network that they have created and by personal relationships that are already bearing fruit. Ninety percent of the delegates are participating in a Web-based network, and at least two partnerships between groups from different conflicts have been formed to pool expertise in specific aspects of conflict resolution. The Institute plans to continue to support the Women Waging Peace initiative in FY 2001.

The training program has now matured and refined the definition of its mandate, audience, and program content. The number of persons trained increased nearly 250 percent from FY 1997 through FY 1999. Resources permitting, the Institute plans to continue this expansion. To help this effort, it has developed a worldwide network of strong and relevant partner organizations that share burdens and costs. The strengthening and duration of these partner relationships is evidence of the quality of the Institute's training programs. Although training activities require careful planning and are generally labor-intensive, the Institute has demonstrated that it can respond quickly to requests for training, sometimes in a matter of weeks. In fact, the Institute is increasingly able to respond positively to any well-founded training request that has the full support of a qualified partner organization.

To evaluate the effectiveness of its training, the Institute solicits formal and informal feedback from training participants. Participants consistently rate Institute training as highly effective and relevant. Another measure of effectiveness is the fact that partner organizations often request further training following conclusion of a project (e.g. OAS, ELIAMEP, PKI, and OSCE).

The following summary of past, current, and future programs demonstrates the development and growing success of the training program, as well as the extent of cost-sharing with partner organizations.

Training Projects Funded during FY 1999

Institute-directed Projects — the Balkans

Audience: U.S. police officers assigned to the Balkans
Dates: Four two-day courses throughout the year
Content: Mediation, negotiation, and other conflict resolution techniques

Participants were preparing for assignments as international police monitors in Bosnia-Herzegovina and Kosovo. Sessions were conducted in Dallas, Texas in cooperation with the Department of State's Bureau of International Narcotics and Law Enforcement and Dyncorp. In each seminar a team of two Institute trainers focused on building mediation and negotiation skills and enhancing the participants' appreciation of the challenges of working in the Balkan setting. The Department of State covered all costs aside from the salaries of Institute trainers.

Audience: UN International Police Task Force (IPTF) personnel assigned to Bosnia
Dates: December 9-12, 1998
Content: Conflict prevention and management

A public security training seminar in Bosnia-Herzegovina for IPTF senior advisers, civil affairs officers, and trainers. The IPTF commissioner has requested further assistance. The United Nations provided all on-site conference arrangements, administrative support, and participant travel expenses.

Audience: High-level officials from Bosnia-Herzegovina
Dates: February 14-17, 1999
Content: Democratic policing and conflict resolution

Participants included the ministers of interior from the Bosnian Federation and Republika Srpska, their deputies, cantonal ministers, chiefs of public safety centers, directors of police training academies, and key staff members. The Department of Justice's International Criminal Investigative Training Assistance Program (ICITAP) and the Government of Bosnia-Herzegovina provided administrative support, logistics, and conference facilities.

Institute-directed Projects – Pacific Rim

Audience: Pacific-Rim government officials and policy analysts
Dates: February 28 - March, 2, 1999
Content: Preventive diplomacy

A professional development seminar co-hosted with the Pacific Forum/Center for Strategic and International Studies in Bangkok, Thailand on preventive diplomacy for members of national committees of the Council on Security Cooperation in the Asia-Pacific (CSCAP). The seminar had two primary purposes: (1) to prepare a working definition of "preventive diplomacy" in the Asia-Pacific context; and (2) to deepen understanding of the different forms and operational manifestations that preventive diplomacy can take.

Audience: Pacific-Rim government officials and military officers
Dates: April 18-23, 1999
Content: Multilateral diplomacy

This seminar was held in Washington, D.C. for participants from 23 member countries of the ASEAN Regional Forum (ARF). The purpose of the program was to help the ARF, a relatively young organization in an area of the world that has few multilateral bodies, clarify its plans for becoming more active in the field of preventive diplomacy and crisis prevention. The program comprised a number of elements, including substantive panels, case studies, site visits, keynote addresses by policymakers and practitioners, and interactive exercises. As a result of the positive outcome of this seminar, further cooperation with the ARF is possible. The program was designed at the request of the Department of State and the government of Brunei Darusalaam, which also provided all funding except for Institute salary costs.

Institute-directed Projects — U.S. and International Officials and Media

Audience: Journalists and spokespersons
Dates: May 12-13, 1999
Content: Media relations in conflict situations

This seminar, held in Washington, D.C., aimed at improving the relationship between journalists and press spokespersons involved in peace processes by analyzing how the behavior of each impacts each other and the peace process. The audience included officers of USIA, international organization officials, NGO representatives, and a number of journalists.

Audience: Mid- and senior-level community activists, government officials, military officers, and educators from the Caribbean and Central America
Dates: June 23-30, 1999
Content: Conflict analysis and management skills

For this seminar, in Santo Domingo, Dominican Republic, participants came from throughout the Caribbean, Central America, and Colombia. Much of the program, which was presented in both English and Spanish, was interactive, featuring role-playing exercises and simulations that put participants in realistic conflict situations. To conduct the seminar the Institute joined forces with the U.S. Federal Mediation and Conciliation Service (FMCS) and the Organization of American States (OAS). The Institute and FMCS provided the lead trainers for the session. The OAS paid for participant travel and provided other trainers. The Catholic University in the Dominican Republic and the development assistance program of the European Union also lent significant financial and in-kind assistance. The Institute, FMCS, and OAS contemplate continuing cooperation of this type.

Audience: U.S. and foreign officials, UN personnel, and NGO workers
Dates: July 27-30, 1999
Content: Post-conflict recovery

This seminar employed a computer simulation developed by the Institute for Defense Analyses (IDA) to acquaint practitioners with the challenges of post-

conflict recovery and help them acquire the skills needed to work effectively in that stage of conflict. The participants came from AID, the Department of State, military commands, NGOs, intergovernmental organizations, and foreign embassies. The Institute presented an introductory day of lectures and panel discussions designed to draw together the political, social, and economic aspects of reconstruction. At the conclusion of the seminar, the Institute facilitated discussions on lessons learned and recommendations for better coordination among agencies. During the core of the program, two and one-half days long, participants played roles in the computer-based simulation, which is based on an economic model. Costs for this program were shared with IDA. The Institute plans to continue to work with IDA in developing computer-based training for teams of officials assigned to work together in peace operations or complex humanitarian emergencies.

Audience: Foreign Service officers
Dates: Quarterly, beginning July 1999
Content: Preventive diplomacy

As part of the Political Tradecraft course at the Foreign Service Institute (FSI), the Institute presented on July 9, 1999 a module entitled "The Nature of Contemporary Conflict and the Role of Preventive Diplomacy." The half-day session involved Foreign Service officers preparing for their first assignments as political officers overseas. The module provided the students with a toolkit of techniques and programs useful in preventing conflict, and included a short simulation involving an embassy's reaction to internal unrest in a host country. Subsequently, FSI asked the Institute to expand the module to a full day, adding a negotiating-skills segment. The Department of State provides facilities and administrative support for this training.

Audience: UNHCR field officers
Dates: September 26-30, 1999
Content: Negotiations and Conflict Resolution

This training seminar on "Difficult Negotiations and Conflict Resolution in Humanitarian Operations" aimed at meeting the needs of field officers of the United Nations High Commissioner for Refugees (UNHCR). The session was held in Abidjan, Cote d'Ivoire for UNHCR personnel from throughout West Africa. The seminar drew on the experiences of the participants in field-level conflict resolution and employed a number of highly interactive techniques, including role-plays, simulations, games, and small group exercises. Costs for this program were shared with UNHCR, which provided funding for participant travel.

Grant-Funded Projects

Training activities financed through the Grants Program are a significant component of the Institute's total training effort. In addition to extending the Institute's reach, these outside training activities often uncover valuable techniques and insights that enrich the Institute's own training. The following are examples of practitioner training activities financed by FY 1999 grants:

Grants for the Balkans

- Establishment through the Institute of World Affairs of three multiethnic Centers for Civil Cooperation in Bosnia-Herzegovina, which will carry out conflict resolution training programs for local and community leaders.

- Two conflict management training workshops in Macedonia and Bosnia-Herzegovina convened by the Institute for Resource and Security Studies to help health professionals deliver health care in a manner compatible with ethnic reconciliation.

- A grant to the American Bar Association's Fund for Justice and Education to help provide training and continuing legal education to the judiciary of Bosnia-Herzegovina through establishment of a Judicial Training Institute.

- Training grassroots and religious community leaders in Bosnia-Herzegovina to reach across religious lines to achieve accommodation and reconciliation.

Grants for Ireland, Africa, China, and Other Areas

- A training program developed by the Mediation Network for Northern Ireland to help clergy and lay members of churches to more effectively address intra-church, inter-church and church-community conflicts.

- A project of the University of Cape Town to design and implement a training course on negotiation skills for government officials from various parts of Africa.

- A practical manual entitled *When You Are the Peacebuilder*, developed by Eastern Mennonite University in collaboration with several African institutions. The work takes the role of local culture and traditional approaches to peace into account in providing advice to practitioners.

- A collaborative effort between the University of Montana and the Foreign Affairs College in Beijing to field test training on negotiation techniques utilizing a unique common framework for Chinese and American diplomats, prospective Chinese instructors and trainers, and international affairs professionals.

Grants for Training Curriculum and Materials

- Design by Psychologists for Social Responsibility of a curriculum for professional training in trauma relief and conflict resolution to meet the needs of communities torn apart by ethnopolitical warfare in various parts of the world.

Plans for Training in FY 2000

During FY 2000, the Institute plans to further expand its training activities. In addition to projects carried out as part of the continuing partnerships already mentioned with the OAS, ARF, and the Department of State, we will continue an intensive program of conflict resolution and public security training for Bosnia and Kosovo. Beyond those activities, the Institute will utilize increased funding for FY 2000 for the following Institute-directed projects as well as other grant-funded training:

Balkan-Related Training

OSCE Mission in Bosnia and Herzegovina: The OSCE Mission to Bosnia and Herzegovina invited the Institute to develop and present a training program in negotiation skills in November 1999. The two-week program consisted of a series of three-day seminars that involved over 100 members of the OSCE mission's field staff. The OSCE funded all costs for this program other than Institute salaries.

Senior Officials of the Balkans. In partnership with the Hellenic Foundation for European and Foreign Policy (ELIAMEP), this seminar focused on improving practical skills in assessing conflicts and on promoting regional cooperation in post-conflict recovery. Negotiating and third-party skills were also covered. The program brought senior officials from 14 countries together with representatives of NATO, OSCE, the EU, and the UN. It was the fourth in a series of annual seminars. ELIAMEP shared costs of the program.

OSCE Training for the Romanian Government: On the basis of a request by the Department of State and the Government of Romania, the Institute conducted a seminar in January 2000 in Bucharest to help prepare Romania's diplomats and officials for their prospective chairmanship-in-office of the OSCE. The program focused on skills needed for leadership in multilateral organizations, such as negotiation and mediation. In conjunction with the training seminar, the Education Department offered a program in conflict resolution for academics from the Black Sea region. The Romanian Government covered all on-site costs for this training.

Training in Other Regions and with Global Context

Harvard University's "Women Waging Peace" Program: The Institute is assisting the Kennedy School of Government and Hunt Alternatives in this project, which aims at establishing a world-wide network of women who are or have been involved in conflict. This initiative brought together 100 women from ten conflict areas around the world to Cambridge, Massachusetts in December 1999. Each group of women was representative of both sides in the conflict. Together with other professionals in conflict resolution, the Institute designed

and presented a four-day seminar on coalition-building that drew upon the women's own experiences.

Ethiopian Government Officials: The Department of State has asked the Institute to conduct two training seminars on negotiating skills during the first quarter of 2000 in Addis Ababa for mid- and senior-level Ethiopian diplomats and government officials. The Department of State would fund this program.

U.S. Special Operations Forces: In February 2000, the Institute presented a seminar on conflict analysis and management to officers of the U.S. Special Operations Forces in the Pacific. Based on experience with this seminar, the Institute is considering a broader partnership with Special Operations personnel specializing in civil affairs and psychological operations.

Training of American and International Officials

The Senior Seminar — Foreign Service Institute: Building further on the Institute's partnership with the Department of State, we are providing five days of training for the participants in the Senior Seminar, which is the most senior long-term training program offered by the U.S. Government. The 30-plus participants include senior Foreign Service officers and counterparts from AID, the intelligence community, and the military services. In the first three-day segment during November 1999, we sought to build awareness of the nature of contemporary conflict and to develop third party and negotiation skills through exercises and role plays. The second, two-day segment will consist of a large-scale country team simulation.

National Defense University: The Institute has been invited to present an elective course entitled "Resolving Conflict in a New Era," to students at the National War College. This course will involve one seminar per week for twelve weeks. It will be presented in both spring and fall semesters, beginning September 2000. We are currently designing the curriculum for the seminar. In addition to presenting theories of conflict analysis and resolution and surveying the history of peace operations, we plan to include a heavy emphasis on building and using skills in negotiation, mediation, leadership in peace operations, and working with the media. Through these courses, we will reach a key audience of practitioners, not only in the military, but also in civilian foreign affairs and national security agencies.

Development of Training Techniques

To help fulfill its commitment to develop effective training techniques in the conflict resolution field, the Institute is planning a symposium on best practices. In preparation for this event, which is tentatively scheduled for June 2000, the Institute has commissioned several papers by leading experts. Depending upon reactions from the communities of providers and consumers of conflict resolution training, the symposium might be held annually.

Expansion of Training Activities in FY 2001:

The Institute is seeking additional funding for FY 2001 to respond to the needs of practitioners for new skills to deal with contemporary conflict through a combination of Institute-directed and grant funded activities.

The increase will be used, in part, to expand the Institute's initiative for applying conflict resolution techniques to police and other public security activities in Bosnia-Herzegovina and Kosovo. Besides ensuring training in mediation and negotiations for all American police officers assigned to duty as international police monitors in the Balkans, the increase in funding will be used to help indigenous police forces and community groups work together toward inter-ethnic harmony.

With additional funding, the Institute will also be able to respond affirmatively to requests for training in conflict prevention and resolution for foreign affairs professionals and military personnel from the crisis-prone areas of southeastern Europe (and in future years in areas of the former Soviet Union). In addition to bolstering national capabilities for avoiding armed conflict, these training activities would help increase the quality of cooperation within the Organization for Security and Cooperation in Europe. We are planning a four-year program that would cover seminars in approximately four countries annually.

Increased funding will also allow the Institute to (1) take a more active role in training in conflict analysis, prevention, and resolution for U.S. military personnel working in sub-Saharan Africa and other areas of the world, (2) support much-needed training programs in cross-cultural negotiation and post-conflict recovery operations, and (3) enable the Institute to focus more on conflict resolution training for foreign affairs professionals and military personnel from Pacific Rim countries.

EDUCATION PROGRAM
(in thousands of dollars)

By Activity

	1999 Actual	2000 Estimate	2001 Estimate	Net Change 2000-2001
TOTAL	678	756	907	151

By Object Classification

	1999 Actual		2000 Estimate		2001 Estimate		Net Change 2000-2001	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel								
Full-time	4.00	174	4.00	216	5.00	271	1.00	55
Other	—	—	—	—	—	—	—	—
Benefits		42		53		67		14
Total	**4.00**	**216**	**4.00**	**269**	**5.00**	**338**	**1.00**	**69**
Travel								
Invitational		88		98		114		16
Other		16		26		31		5
Total		**104**		**124**		**145**		**21**
Office Rent		49		33		33		—
Other Rent/Comm.		4		—		—		—
Postage		31		24		24		—
Printing		58		82		75		(7)
Other Services		141		150		212		62
Supplies		10		12		15		3
Furn. & Equip.		—		—		—		—
Scholarships		65		62		65		3
Total Other		**358**		**363**		**424**		**61**
TOTAL	4.00	678	4.00	756	5.00	907	—	151

EDUCATION PROGRAM

Program Overview

The mission of the Education Program is to increase the quality of teaching and learning in secondary school, undergraduate and graduate classrooms. To accomplish that, it develops instructional tools and programs for its target audiences.

Priority audiences for the Institute are (1) secondary school teachers and college and graduate school faculty; (2) high school, undergraduate, and graduate students; (3) practitioners inside and outside of government charged with constructing lessons learned in the area of conflict management, and (4) the general public. In past years the program has concentrated on teaching within the U.S.; the program is now expanding its focus to teachers and students in foreign zones of conflict.

To reach these audiences, the Institute has organized its Education Program into the following major activities:

- Capacity-Building in Teaching Faculties: conducting workshops to increase the knowledge, understanding, and ability among faculty to teach about conflict prevention, management, and resolution in high schools, community colleges, four-year undergraduate institutions, and graduate schools; building conflict resolution awareness and networks among educational institutions in the U.S. and in foreign areas of conflict;

- Student Enrichment: conducting substantive programs and providing scholarships for high school, undergraduate, and graduate students;

- Resource Development and Distribution: preparing teaching resources, including undergraduate and graduate textbooks, secondary school curriculum units, simulations, case studies, guides and directories.

The Institute is well positioned to fulfill its educational mission in part because of its access to federal policymakers, military officers, nongovernmental organizations, and educators and scholars at the secondary and university levels. This coupled with a high level of expertise within the Institute and a flexibility to create programs to link and meet the needs of target audiences yields programs that consistently receive high marks from participants.

Activities Through FY 2001

As noted in Part I above, the Institute proposes to expand its Education Program in FY 2001 by doubling its faculty seminars in the U.S., publishing additional teaching materials, and for the first time addressing how to promote the use of educational systems in foreign zones of conflicts as means of preventing, managing, and resolving conflicts.

High School Students As Peacekeepers: Getting young Americans to think about appropriate responses to international conflict is difficult because conflicts seem distant, intractable, and remote from their concerns. They often cannot imagine the effect that conflicts have on young people like themselves: being separated from their friends, being pressured into fighting, watching their parents slaughtered because they belong to the wrong ethnic group.

They also find it difficult to understand the pressures that face policy-makers trying to respond to international conflict. Should the U.S. become engaged only in pursuit of its national security objectives or should it also address human suffering and gross human rights violations in other countries? What roles do the different branches of government or private institutions play in determining the U.S. response to global conflict? What about the role of the media?

Each year, the Institute creates and runs simulations on these issues, so students can become actors in conflict management rather than just observers. In 1998, in the National Peace Essay Contest simulation, students worked to establish a truth and reconciliation commission for Cambodia. In 1999, they sought to bring peace between Ethiopia and Eritrea. In 2000, students will become American decision-makers, trying to decide whether and how to respond to two conflicts: one in Colombia and a simultaneous humanitarian crisis in Africa. Within ten years, some of these students will be part of our nation's decision-making process. The valuable lessons they—and the other students—take from these exercises will help prepare them to make good decisions in responding to conflict.

Objectives of the Education Program

Today's leaders need to consider the role the next generation will play in preventing, managing, and resolving international conflicts. Will our children know enough to make wise decisions? Will they understand the issues and choices they face? Will they be able to develop good policies and practices, and create viable options where none are apparent? These are fundamental questions in a fully functioning democracy such as ours and take on even more urgency when asked about the next generation living or working in conflict zones.

Through its substantive, educational, and operational work, the Institute is helping to professionalize peacemaking, preparing individuals to undertake the difficult tasks of bringing peace to troubled countries around the world. Our experience over this last decade makes it clear that we need to do a much better

job in educating the next generation about the difficult decisions they will face and the options they will have in responding to conflict. This education should go beyond the few students dedicated to a life in public service. With globalization and the breaking down of national borders, increasing numbers of Americans will be working in or on conflict zones at some point in their professional lives.

The Education Program aims to meet the needs of these future practitioners and their teachers. Its objective is to define, create and support educational activities that increase the understanding of faculty and students, in the United States and abroad, about international conflict and its resolution and build the capabilities of future practitioners to make peace.

The program focuses on classroom teaching about the real practice of conflict analysis, decision-making, negotiation, mediation, humanitarian assistance, and human rights protection in international conflict. In its activities, the program combines the best work in conflict analysis with experience of practitioners. We understand that every conflict is unique, arising out of specific circumstances and involving a specific set of actors. At the same time, we also recognize that in conflicts and conflict interventions, patterns emerge that can yield general insights. By linking the broad framework to real life experience, the program serves as a bridge between practitioners and academics.

Translated into practical teaching situations, the objectives of the Education Program are to:

- identify and promote the best and most relevant ideas and practices regarding international conflicts for use by faculty and students;
- develop and disseminate useful and engaging methods of transmitting knowledge about these ideas and practices in classroom settings; and
- develop networks among teaching institutions, both in the U.S. and abroad, that will promote the peaceful resolution of conflict through the teaching of students.

Continuing Activities

In FY 1999, the Institute focused its education work on:

- Developing and distributing teaching materials and curricula to high schools, colleges, and universities around the country;
- Designing and delivering seminars for high school and college teachers; and
- Conducting the 12th annual National Peace Essay Contest for high school students.

These activities will continue in both FY 2000 and FY 2001.

New Activities

Recognizing the powerful effect that education can have on forming the attitudes and perceptions of the young, the Institute is seeking additional funding to expand the work of the Education Program. This expansion would center around two main activities: (1) using education as a means of preventing or alleviating escalation in conflict zones; and (2) helping the next generation of Americans understand the critical choices they will have to make in the not-too-distant future.

Educational Activities in Foreign Zones of Conflict: These activities will involve working in educational systems in countries in conflict, building on two projects the Education Program will launch in FY 2000: the Balkans curriculum project and the Southeast Europe university project.

The aim of the Balkans curriculum project is to encourage the development by those in the region of curriculum and teaching materials that present a balanced view of history and promote tolerance among conflicting ethnic groups, rather than incite antagonisms and further violence.

The aim of the Southeast Europe program is to begin to establish a conflict resolution network among faculties and institutions in the Balkans and Southeast Europe. In January 2000, the Education Program convened a meeting in Romania of university educators from the Southeast Europe region. Participants came from Albania, Bulgaria, Croatia, Greece, Macedonia, Romania, Slovenia, and Turkey. The purpose of the meeting was to identify some areas for joint activities. As a result of this meeting participants agreed to participate in a conflict resolution consultation network (based on email communications) and to continue to work on joint programs.

In a similar vein, the Institute proposes to work with educational systems in Africa and Southeast Asia to build indigenous institutional capacity for conflict prevention, management and resolution,

With additional funding, the Education Program in FY 2001 will:

- Run the second session of its Balkans program, reconvening members of the conflict resolution network. The objective of this initiative would be to build local capacity to deal with regional conflicts and to foster the development of curricular resources that promote mutual respect and a shared vision of the future.

- Partner with an institution in Africa to plan a program that brings educators together to build a mediation network in that country.

- Work to establish a similar program in Southeast Asia, a potentially fragile area threatened by ethnic conflict and territorial disputes. Initially, the plans

were to explore cooperation with a university in Indonesia but recent events have put that option on hold. In a year's time, however, the situation may have calmed sufficiently to allow a conflict resolution program to develop. The Philippines may also provide a venue for a regional conflict resolution network.

Educational Activities Within the U.S.: The Institute will focus on two activities in the U.S.: intensifying its work to improve faculty teaching and developing teaching materials in print and video form. It also intends to continue its work with American high school students through the National Peace Essay Contest.

Doubling Faculty Programs: The Institute plans to nearly double the number of teacher institutes and faculty seminars. In FY 2000, the Institute expects to run five seminars: one in Washington DC for high school teachers, and four regional seminars for college and university faculty. In FY 2001, with additional funding, the number of institutes and seminar sessions will increase to nine -- six at the post-secondary school level and three at the high school level. These addition will allow us to increase our outreach to teachers at least three-fold over FY 1999.

The Institute has conducted enrichment seminars for high school teachers and college faculty for eight years, focusing on the changes in the sources of and responses to international conflict. Between FY 1992 and FY 1999, the program ran seventeen seminars (eight summer institutes for high school social studies teachers, six seminars for university professors, and three seminars for community college professors):

- In FY 1999, the Institute conducted in Washington, D.C. its eighth annual summer institute for secondary school social studies teachers. This event brought together 25 educators from very diverse teaching environments, including schools in very rural communities in Lewis County, West Virginia and Pagosa Springs, Colorado (which has a very substantial native American school population) and from institutions in urban Detroit and the Lower East Side in New York City. The week's activities focused heavily on Africa and Asia and on relevant (and changing) teaching tools for the classroom – in particular, the use of visual materials, the Internet, and role plays and simulations. The teachers went through a role play exercise on Rwanda and also participated in an abbreviated computer simulation on Kosovo that was developed specifically for the summer institute by the International Conflict and Negotiation Simulation (ICONS) program at the University of Maryland.

- In FY 1999 the Institute also conducted its first regional faculty seminar outside D.C. in collaboration with Florida International University, University of Miami, and Nova Southeastern. Over 50 professors from colleges, universities and community colleges in the South Florida region participated in sessions on "Incorporating Conflict Resolution into the Classroom," "Understanding Conflict: An Interdisciplinary Perspective,"

"International Conflict Resolution: Bridging Theory and Practice," and "Teaching Tools and Methods."

During FY 2000, the Institute is operating four more regional faculty seminars: in Honolulu, Denver, Baltimore, and St. Bonaventure (south of Rochester, N.Y.). In a number of cases, faculty from local community colleges and high schools will also be included. In Honolulu, over 500 students, educators, and interested public participated in the Institute's program (co-hosted with Hawaii Pacific University) on teaching about human rights and conflict.

In FY 2001, expanding the number of faculty seminars and teacher institutes from the FY 2000 level of five to nine, will allow the Institute to work with 500-600 educators throughout the U.S. Coupled with the current Institute effort to design relevant, compelling teaching material, this direct contact with teachers will allow the Institute to make a significant contribution to education on international conflict resolution here and abroad. Current plans are to hold workshops with Drake University and the University of Iowa in Iowa, plus others in Massachusetts, North Carolina, and Missouri, and five more location yet to be identified.

Expansion of Teaching Materials: In FY 2000 and FY 2001, the Institute will expand the development and production of teaching materials and resources on international conflict for American students and faculty.

The need for good teaching resources that engage students remains pressing. In response to this need, the Institute develops materials for high school, college, and graduate school levels, including textbooks, case studies, simulations, teaching guides, and bibliographies. As some of these resources are available online, they are by far the single most effective way that the Institute reaches into schools and universities here and abroad. Its teaching texts have been widely distributed, while the National Peace Essay Contest and its supporting materials have gone to over 40,000 secondary schools. We are also hoping to take advantage of state-wide fiber-optic networks such as the Iowa Community Network.

In order to promote the understanding and improve the practice of international mediation, the Institute has just published *Herding Cats: Multiparty Mediation in a Complex World.* This book presents a unique collection of case studies of mediation in serious international conflicts. The cases, written by the principal mediator in each case, delve into the real and practical problems of intervention in an era of brutal civil wars, inconsistent international leadership, and endlessly competing agendas. Recognizing the importance of the new peacemakers, the book includes chapters on mediations by NGOs as well as by powerful states and international organizations. The book is meant primarily as a teaching text but also carries an important message for policymakers and practitioners about coordination, leadership, and effectiveness in international peacemaking efforts.

During FY 2000 and in FY 2001, the Institute will continue to produce resource materials, including:

Managing Global Chaos: Sources of and Responses to International Conflict. This book, published by the Institute in 1996 and now in its fourth printing, has become one of the Institute's best-selling books and has been adopted as required reading in courses around the country. The volume answered a real need for a thorough treatment of conflict and conflict management after the end of the Cold War, and its comprehensive coverage and diverse points of view have appealed to a wide spectrum of educators and practitioners.

The international environment has changed substantially since the Institute began working on this volume in late 1994 -- with the experience of IFOR/SFOR in Bosnia and KFOR in Kosovo, of nuclear confrontation in South Asia, of wars in Liberia and Sierra Leone, of peace agreements in Northern Ireland and between Peru and Ecuador. In recognition of these changes, the Institute is extensively revising the book, with publication planned for 2001.

National Peace Essay Contest Teaching Guides: The Institute has successfully published guides that allow teachers to incorporate the essay contest easily into their classrooms. Two guides have been published to date: one on conflict prevention and one on the U.S. response to international conflict, in support of this year's peace essay question. These guides also allow teachers to continue to use the same questions in future years, extending the shelf life of the contest considerably.

Simulations, Case Studies, Bibliographies: The Education Program will continue to develop and make available online a number of teaching exercises and bibliographical resources, including simulations on conflict and peacemaking in Northern Ireland, Ethiopia-Eritrea, Rwanda, and Southeast Asia.

Balkans Curriculum Project: As noted above, the Education Program has embarked on a project to encourage educators in the countries of the former Yugoslavia to develop school materials (primers, history and geography textbooks) that avoid creating negative images of neighboring peoples and/or other ethnic group, and thus prevent the emergence of new obstacles to cooperation between the next generation of neighbors. At the heart of this project is a premise that education can be a means to create an environment conducive to conflict reduction as well as post-conflict reconciliation and re-building

With additional funds, the Institute will continue working in this area with partner institutions in the Balkans. It will gather information which identifies similar curriculum projects in other conflict situations (e.g., France and Germany after World War II; Northern Ireland; and the Middle East) as well as similar projects that have taken place in Yugoslavia in the past.

Video Project: With additional funds, the Institute plans to begin development of a documentary series that would help students—future leaders and practitioners here and abroad—understand the demands and tough choices of international mediation. To many, this kind of peacemaking remains an obscure activity performed by individuals mysteriously appointed to broker an agreement. Occasionally these peacemakers make headlines, as George Mitchell and Richard Holbrooke did in the Northern Ireland and Bosnian negotiations. More often, peacemakers' names are not mentioned at all or are only appear well down the page in news articles about the severity of the conflict.

The real stuff of peacemaking—what it entails and what tempests and shoals it encounters—is often lost in the dry reporting of the media or the point-proving analysis of academia. A documentary series on "Who Is a Peacemaker" will allow viewers to grasp this subject, to feel the tension, exhilaration, and frustration of peacemaking, and to imagine themselves in the role. The series would build on the case studies gathered in the volume *Herding Cats: Multiparty Mediation in a Complex World*, but would also highlight private efforts—summer camps for Arab and Israeli children, for instance—that add to peacemaking in quiet but critical ways.

National Peace Essay Contest: In FY 2000 and FY 2001, the Institute will continue to develop and promote the National Peace Essay Contest. The contest is the Institute's principal educational activity for students and is aimed at engaging high school students all over the country in thinking about U.S. foreign policy and the tough issues and choices we face in responding to international crises.

The objectives of the National Peace Essay Contest for high school students are to:

- promote serious discussion among high school students and teachers about international peace and conflict resolution;
- complement existing curricula and other scholastic activities; and
- strengthen students' research, writing, and reasoning skills.

In FY 1999, the essay contest topic concerned the prevention of violent conflict. The awards week program for the state winners took place in June 1999. Winners from all of the participating states took part in the week, which centered on an intensive three-day simulation of Organization of African Unity efforts to prevent the Ethiopia-Eritrea war from escalating into a region-wide crisis. In addition to the simulation, students visited the embassies of Ethiopia and Eritrea, met with senior administration officials involved in African affairs, and met with their representatives in Congress.

In FY 2000, the topic focuses on the U.S. response to conflict. Students are asked to identify America's foreign policy objectives and assess how U.S. responses to future violent conflicts abroad can better serve the objectives for American foreign policy defined by the student.

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The FY 2001 topic will ask students to consider whether and how outsiders—the U.S., the UN, regional organizations, NGOs—can help to bring peace in civil conflicts.

The scholarship program is on-going throughout the fiscal year. Through it, the Institute disperses over $70,000 to undergraduate students who were state winners of the essay contest. This scholarship fund is the Institute's principal direct program for undergraduate college students.

Review of the Institute's Long-Term Role as an Educational Institution

For many years before the Institute was established in 1984, interested parties worked to create a National Peace Academy that would have been a four-year degree awarding institution of higher education. Although Congress did not approve that model, legislation establishing the Institute gave it an extensive mandate to work across a broad range of educational activities.

Over the past 15 years the Institute has pursued its mandate by developing educational programs at all educational levels from high school through undergraduate, graduate and professional training. The National Peace Essay Contest is the first rung of the Institute's effort to provide a full educational experience in peacemaking. This effort in education now ranges from the high school level through scholarships for undergraduate and graduate students; professional development for faculty; teaching resources for the high school, undergraduate, and graduate school levels; capacity-building in conflict resolution among educational institutions (including support through grants); and finally—through the Training Program—to designing and delivering conflict resolution skills training to practitioners. This spectrum of activities is currently a relatively informal structure, which gives the Institute flexibility to respond quickly to the fast-changing events and educational needs of the current decade.

From time to time during this period of development, some Institute supporters have asked about the Institute's thinking regarding the original concept of a "Peace Academy." For this and other reasons, drawing on its ongoing efforts to build an intellectual and experiential base for its education program, the Institute continues to review its longer term approach to its efforts in education.

In this review the Institute is stepping back to examine its profile as an educational institution—how does it relate to the constellation of existing, formal academic programs; what does it offer that is both necessary to the understanding and conduct of peacemaking and unique to the Institute; and what is the best means of delivering this education in cooperation with existing education institutions at the undergraduate and graduate levels. This review will allow us to define the elements of a professional education in peacemaking and alternative means to provide it to present and future practitioners at a variety of levels and through a range of means.

RESEARCH AND STUDIES PROGRAM
(in thousands of dollars)

By Activity

	1999 Actual	2000 Estimate	2001 Estimate	Net Change 2000-2001
TOTAL	1,008	1,102	1,110	8

By Object Classification

	1999 Actual		2000 Estimate		2001 Estimate		Net Change 2000-2001	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel								
Full-time	7.44	471	7.50	478	7.50	497	—	19
Other	—	—	—	2	—	4	—	2
Benefits		100		112		123		11
Total	7.44	571	7.50	592	7.50	624	—	32
Travel								
Invitational		130		138		174		36
Other		54		41		36		(5)
Total		184		179		210		31
Office Rent		113		85		85		—
Other Rent/Comm.		8		2		—		(2)
Postage		11		8		8		—
Printing		43		54		80		26
Other Services		78		182		103		(79)
Supplies		—		—		—		—
Furn. & Equip.		—		—		—		—
Grants		—		—		—		—
Total Other		253		331		276		(55)
TOTAL	7.44	1,008	7.50	1,102	7.50	1,110	—	8

RESEARCH AND STUDIES PROGRAM

Program Overview

The Research and Studies Program is the part of the Institute that interacts most closely with the policy community. Through working groups, meetings, and short written products, Research and Studies seeks to transmit useful knowledge regarding the peaceful resolution of conflict from the academic world to the policy community. In addition, Research and Studies engages in its own efforts to develop understanding of how conflicts can be resolved without the use of force. As such, Research and Studies acts as a bridge between academia and government, and virtually all of our programs enjoy the active participation of both scholars and government officials.

Activities Through FY 2001

Promoting Justice and Reconciliation in Indonesia: In January 2000 the Institute brought together top Indonesian officials with key players from five other countries to help them peacefully manage Indonesia's democratic transition while confronting the legacy of human rights abuses in that country. The Roundtable on Justice and Reconciliation, which received the explicit endorsement of Indonesia's President, Abdurrahman Wahid, was organized by the Institute's Rule of Law and Research and Studies Programs in cosponsorship with the State Department. Indonesian participants included three members of the cabinet (the Attorney General, the Minister for Human Rights, and the Minister for Law and Legislation), NGO leaders from Aceh and Irian Jaya, a member of the National Human Rights Commission and a representative of the Indonesian military.

The meeting examined the experiences and difficulties of five countries in dealing with similar issues of transition and accountability: Argentina, Chile, El Salvador, South Korea and South Africa. Participants included the former directors of the truth commissions that examined past abuses during the democratic transitions in Argentina and Chile; Argentina's current Minister of Justice, who served as a judge in the trial of his country's former junta; the chairman of the Salvadoran commission responsible for vetting senior military officials for retirement based on past human rights abuses; and Archbishop Desmond Tutu, chairman of South Africa's Truth and Reconciliation Commission. These leaders shared their experiences with their Indonesian counterparts in a lively and informative exchange. A follow-on session with the Indonesian officials further clarified the legal and political considerations and options available in reckoning with past abuses by the military and others, and laid the basis for follow-on activities. The Institute expects to continue this process to facilitate the Indonesian transition.

In its programming, Research and Studies maintains a focus on both conceptual issues and regional challenges to peace.

Conceptual Issues

On the conceptual level, the most important initiatives fall under the category of improving our understanding of processes of diplomacy and negotiation.

Coercive Diplomacy: In the next year, Research and Studies will devote particular attention to deepening our understanding of "coercive diplomacy," which is to say, efforts to change another country's behavior through positive political inducements in combination with punitive instruments, including the threat or demonstrative use of force. In recent months, the U.S. has found itself going so far as to explicitly threaten the use of punishment against Iraq and Yugoslavia and implicitly against North Korea and other countries. Yet, the U.S. has had to take the lead in using limited force in the first two cases, and may feel compelled to use force in others. Further, the use of force has not produced entirely satisfactory results.

Research and Studies is currently engaged in a major effort to understand when and how the circumstances in which coercive diplomacy works (or fails to do so). The project will seek to deepen our understanding of what circumstances best lend themselves to coercive diplomacy, and what tactics best yield desirable outcomes. Questions to be addressed include:

- Can countries be more easily coerced to change course on some issues rather than others?
- How important are alliances and international support to successful coercion?
- Are non-state actors more difficult to coerce than state actors?
- How important are "carrots" to a policy consisting mostly of "sticks"?
- How well integrated have been U.S. diplomatic and military efforts?
- Are there situations in which clearer threats would have likely prevented the need to use force?

Analysis will proceed on the basis of a number of case studies, involving attempts to use coercive diplomacy in Central Europe, the Middle East, East Asia, the Horn of Africa and the Caribbean and Central America. Research and Studies will sponsor a series of conferences this fiscal year, to result in a book product in winter 2000-2001.

Research and Studies has a related effort underway to develop recommendations on how to better integrate civilian and military planning on issues of joint concern. This effort, initiated at the request of the Secretary of State and other officials, led by a commission of former high-ranking officials, will combine the efforts of the Institute, the Institute for National Strategic Studies at the National Defense University, and the State Department's Policy Planning Staff. Research and Studies will sponsor a series of meetings over the next year, and the commission plans to issue a complete report in the spring.

National Differences in Negotiating Styles: Another major conceptual effort involves the role of national differences in diplomatic negotiations. Building on the pioneering work on Chinese negotiating behavior developed by Institute President Richard Solomon, the Cross Cultural Negotiating Project will continue its efforts to establish a body of scholarship on how nations negotiate agreements to resolve conflicts and strengthen cooperation. Three milestones will mark this project's work in FY 2000 and FY 2001:

- The publication in November 1999 of Program Officer Scott Snyder's highly relevant and timely book on North Korean negotiating behavior.
- The convening of a meeting of leading diplomats from around the world to deepen our understanding of the dynamics of American negotiating behavior as seen by foreign officials.
- The publication of Michael Blaker's book on Japanese negotiating behavior (funded by an Institute grant).

In addition, Research and Studies will continue to bring together scholars to refine a framework for understanding this crucial aspect of international relations.

Efficacy of U.S. Human Rights Policies: A fourth cross-cutting issue involves understanding the efficacy of U.S. human rights policies in the two decades since they became an important part of American foreign policy. Led by a working group of prominent experts, the effort will survey significant case studies in each region of the world, as well as examine relevant thematic issues. The emphasis is on understanding how the issue of human rights factors into U.S. policy, as well as understanding how effective U.S. policy has been in improving human rights conditions overseas.

Complex Humanitarian Emergencies: A fifth cross-cutting issue has to do with complex humanitarian emergencies. Increasingly in recent years, we have seen political actions result in large-scale human suffering. Political crises in the Congo, Rwanda, the Balkans, East Timor and elsewhere have produced ethnic cleansing, widespread political murder, the creation of large refugee populations, and other catastrophic results. In cooperation with the State Department, Research and Studies is leading an effort to understand better how these conditions arise, how they can be managed more effectively, and even how they can be predicted and perhaps prevented in the future. Research and Studies will continue to work with the Administration to develop policy recommendations on this important issue.

Political Violence: A sixth area of work revolves around the issue of political violence. The Research and Studies Program is a co-sponsor of the International Research Group on Political Violence, in cooperation with Britain's Airey Neave Trust. The group brings together present and former government officials, academics, and private experts to deepen our understanding of why political violence occurs and how it can best be curtailed. Research and Studies will sponsor working group meetings to study how media responses to terrorism

affect terrorists' actions and to assess the threat of terrorist attacks using nuclear, biological or chemical weapons. In addition, Research and Studies will hold a conference on the theme "Lessons Learned from Thirty Years of Counter-Terrorism Diplomacy," which will assess what we know about U.S. government responses to terrorism.

Regional Challenges to Peace

In addition to its conceptual work, the Research and Studies program is also actively engaged in efforts to understand and resolve regional conflicts.

Pacific Region: Some of the Institute's strongest work is in the Pacific region, which has too often been neglected by Western studies of peace and security. The Research and Studies Program has assembled a Korean working group, whose efforts are directed toward managing conflict on the Korean Peninsula in general and especially toward dealing with a recalcitrant and dangerous North Korea. Research and Studies has issued a number of Special Reports on Korea and will continue to do so. Former Secretary of Defense Perry, in his role as the Administration's North Korea Policy Coordinator, used the Institute as a sounding board to develop, explain, and build support for his Korea policy review. Future reports will focus on U.S. policy alternatives toward North Korea, focusing especially on the security aspects of North Korean capabilities in developing weapons of mass destruction and associated delivery systems. At the center of the Institute's Research and Studies agenda is an experts review of U.S.-ASEAN cooperation in the aftermath of the regional financial crisis and political turmoil in Indonesia.

The Research and Studies Program is also actively engaged in studying threats to peace in the region, ranging from the South China Sea to East Timor, and brings together scholars and government officials for briefings and brainstorming sessions. Research and Studies has played a special role in ameliorating tensions between the People's Republic of China and Taiwan, hosting meetings both for U.S. experts and Chinese officials as opportunities have arisen. Most notably, in February 2000, the Research and Studies Program worked with the Council on Foreign Relations (an Institute grantee) to conduct a dialogue on "Rethinking the Cross-Strait Dialogue" with 22 scholars from China, Hongkong and Taiwan.

Europe and Russia: Research and Studies has taken a leading role on European peace and security issues, assembling a high-profile working group on the future of Europe. Many people express their desire for a Europe that is "peaceful, undivided and democratic," and the working group strives for a deeper understanding of what that might mean. In particular, the working group seeks to assess whether such an outcome is feasible, what conditions are most likely to lead to its creation, what the impediments to such an outcome would be, and what the U.S.-European relationship would look like under such a scenario. A January 2000 workshop in Berlin provided a valuable forum for exploring significant points of consensus and disagreement across the Atlantic.

Research and Studies is also conducting meetings on the future of Russia. The meetings are predicated on the idea that internal dynamics within Russia are likely to influence near-term events such as presidential succession, as well as long-term prospects for the peaceful integration of Russia within the transatlantic community.

Middle East: On the Middle East, Research and Studies is continuing a set of meetings concentrating on developments in Iran, which is in the throes of significant internal change. There are signs that some in Iran seek to reverse the antagonistic relationship that has characterized U.S. relations with the Islamic Republic for the last two decades. Still, the outcome of internal political struggles in Iran remains unclear, and opportunities to improve the relationship may be few for some time to come.

Also on the Middle East, Research and Studies is developing an international seminar for FY 2001 that will bring young scholars from all over the Middle East to contemplate the nature of the region in a globalizing environment. The seminar selected will be preceded by Internet-mediated discussions on readings, involving participants in a shared intellectual enterprise prior to their meeting face to face. Since the seminar will include participants from countries who are estranged from one another, this experiment in "priming the pump" before face-to-face discussions could hold out significant promise for other conflict areas.

Africa and Latin America: In addition to the above, Research and Studies supports conferences and facilitations involving conflicts in Africa, as well as meetings on violent conflict in Latin America. The Institute has undertaken in-depth investigations on the conflict zones in Central Africa and the Horn of Africa over the past year. Several Special Reports have been published. During FY 2001 the Institute will continue its efforts to facilitate Track II peace discussions in relation to the war between Eritrea and Ethiopia, the Lusaka cease-fire aimed at bringing peace to Central Africa, the ongoing conflict in Somalia, and the civil war in Sudan.

Institute Independence and Collaboration with the Executive Branch

While the Institute operates all the above activities as an independent organization, it does so through close cooperation with senior government officials and leading authorities in academia. Through Research and Studies' efforts, the Institute acts not only as a conduit for information between governmental and non-governmental authorities, but often as a conduit for information within the government itself. By bringing together senior officials from the military and the various parts of the foreign policy community, the Institute can often sensitize officials to the needs of their counterparts in a way that is often difficult in "stovepiped" organizations. In addition, the many not-for-attribution sessions that Research and Studies runs allows the policymakers to have a freer intellectual exchange than is often possible in a policy environment, and allows academics a better view of the constraints under which the policymakers operate.

The Institute's success in its relation to the Administration is demonstrated by the fact that President Clinton, Secretary of State Albright, National Security Adviser Berger and U.N. Ambassador Holbrooke have all spoken at the Institute during the past year on central issues of American foreign policy.

RULE OF LAW PROGRAM
(in thousands of dollars)

By Activity

	1999 Actual	2000 Estimate	2001 Estimate	Net Change 2000-2001
TOTAL	372	546	639	93

By Object Classification

	1999 Actual		2000 Estimate		2001 Estimate		Net Change 2000-2001	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel								
Full-time	2.77	195	4.00	259	4.00	272	—	13
Other	—	—	—	—	—	—	—	
Benefits		40		62		70		8
Total	2.77	235	4.00	321	4.00	342	—	21
Travel								
Invitational		8		43		76		33
Other		29		60		55		(5)
Total		37		103		131		28
Office Rent		51		20		20		—
Other Rent/Comm.		—		—		—		—
Postage		4		5		5		—
Printing		—		3		11		8
Other Services		45		94		130		36
Supplies		—		—		—		—
Furn. & Equip.		—		—		—		—
Grants		—		—		—		—
Total Other		100		122		166		44
TOTAL	2.77	372	4.00	546	4.00	639	—	93

RULE OF LAW PROGRAM

Program Overview

The Rule of Law Program focuses on the proposition that, as declared by the 52-nation Organization for Security and Cooperation in Europe (OSCE), "societies based on ... the rule of law are prerequisites for ... the lasting order of peace, security, justice and cooperation." The Rule of Law Program seeks to build upon and refine principles on the rule of law articulated by the OSCE and other bodies and to provide practical guidance for their implementation. Research, conferences, consultation and writing have focused on such questions as transitions from authoritarian to democratic governance; the treatment of war crimes; principles of constitutionalism; and the translation of international standards into national laws and practices. Past work of the Program, and a growing recognition worldwide of the Institute's expertise in this field, have produced significantly increased demands from a variety of countries. To respond more effectively, the Institute's Board recently determined to increase the capacity of the Rule of Law Program and to establish it as a permanent program of the Institute.

Activities Through Fiscal Year 2001

Palestinian-Israeli Legal Dialogue

A major initiative of the Rule of Law Program in FY 2000–FY 2001 will be the development and implementation of a series of Palestinian–Israeli legal dialogues. Extensive research and discussions with a wide range of Palestinian and Israeli officials, academics, private attorneys and NGO leaders have resulted in the following consensus and conclusions:

- The nature of the emerging Palestinian legal system and its integration of international standards for the rule of law will have an important impact on the Israeli-Palestinian peace process.
- The Palestinian and Israeli legal systems will share a variety of features and history. The two legal systems and their personnel will be obliged to interact on a myriad of issues on a daily basis, from the highly sensitive to the mundane.
- The development of professional relationships between Palestinian and Israeli jurists is essential to the overall peace.
- Despite the fact that substantial financial and technical assistance for the development of the Palestinian legal system is being provided from a variety of sources around the world (over $100 million according to a recent UN survey), no one is facilitating any interactions or dialogue between Palestinian and Israeli jurists on these issues.

Israeli and Palestinian officials have strongly suggested that the Institute can play a useful and important role in filling this gap, helping them to build appropriate relationships and rapport between members of the respective legal communities as well as enabling these legal communities to jointly explore a range of pending and future legal issues in a non-official setting. Given the need expressed by these officials to begin this effort promptly, in the context of the overall Palestinian-Israeli peace process, the Institute will devote significant resources to this effort in FY 2000 which had not been anticipated, and is seeking an increase in FY 2001 to continue to facilitate this legal dialogue.

Transitional Justice

This project examines how nations can undertake peaceful and successful transitions from repressive regimes or war while dealing with the legacy, personnel, and victims of the old regime — a dilemma faced by most conflict-ridden societies. The project explores questions of prosecution, amnesty, victims' compensation, administrative screening and penalties, the use of historical or "truth" commissions, and notions of forgiveness and societal healing. Institute work on this subject has prompted requests for materials or technical assistance from twenty countries.

The South African government, for instance, drew on the Institute's work in designing its "Truth and Reconciliation Commission," and at the request of the South African Minister of Justice, the Director of the Rule of Law Program participated in consultations on this subject. The challenge of justice and reconciliation in the aftermath of civil wars and other volatile transitions in such places as Guatemala, Sierra Leone, Nigeria, Liberia, Indonesia, Angola, Burundi and the Balkans has generated recent requests for the Institute's analysis and assistance. The Rule of Law Program also often advises the State Department, AID, and others on these issues. Among the activities planned for FY 2000–FY 2001 are the following:

- In 1995, the Institute published a landmark three-volume collection entitled *Transitional Justice: How Emerging Democracies Reckon With Former* Regimes, which incorporates a broad range of views and material from 35 such transitions over the past fifty years, and which is used as an important resource today in several countries. In FY 2001, a fourth volume of the collection will be published, covering many of the developments and new transitions which have occurred around the world since the original publication.
- Additional research, consultation and workshops will be conducted to assist transitions in a number of countries, including several noted above.
- Plans are being developed to examine comparatively the issue of transitional justice in several Asian countries, including Japan, China, Taiwan, South Korea, Indonesia, the Philippines and Cambodia, with a conference in the region tentatively planned for FY 2001.
- Attention will also be given to options for the compensation of victims of mass abuses. The Rule of Law Program has responded to requests for assistance on this subject from various countries including Malawi and Rwanda.
- Research and analysis will be undertaken on the use of non-criminal sanctions to deal with past abuses, a component of transitional justice which affects hundreds of thousands of people in post-conflict and post-repressive societies worldwide.
- A web site on resources related to the use of "truth commissions" in numerous countries was created in 1999; it will be further expanded and updated in FY 2000–FY 2001.
- An Experts Group on Truth Commissions and Tribunals, comprised of

former members and staff of truth commissions in various countries and former prosecutors of the International Criminal Tribunals for the former Yugoslavia and Rwanda, will develop practical analyses and recommendations on the appropriate relationships between truth commissions, international tribunals, national trials and amnesty programs.

War Crimes Accountability

The treatment of war crimes has emerged as an important factor in questions of peace or conflict in various regions. It is a subject to which the Institute continues to devote a good deal of attention and analysis. The Institute has organized conferences which have brought together senior U.S. and foreign officials, leading academics and members of the policy community to explore options for the treatment of this issue. Two such conferences have examined issues pertaining to the creation of the proposed permanent International Criminal Court; continuing work on this subject is planned for FY 2000 and FY 2001. The Institute continues to assess and facilitate the work of the international criminal tribunals established for the former Yugoslavia and for Rwanda, and to be engaged in analysis and deliberations regarding the potential creation of new international tribunals or related bodies to deal with atrocities in Cambodia, East Timor and elsewhere.

A Working Group on the Laws of War and the Protection of Civilians was established in 1999; it is chaired by a former State Department director of Policy Planning and includes senior policymakers, journalists and international law experts. The Working Group will be examining a number of emerging issues pertaining to the enforcement of international humanitarian law, including education and training directed at various sectors, the application of the laws of war to a variety of non-state actors, and the development of new remedies for violation of these norms.

Justice and Reconciliation in Bosnia-Herzegovina

As noted above, the Rule of Law Program is devoting special attention to the issue of "transitional justice" as a component of the peace process in Bosnia. Through research, consultation, and analysis, the Program is examining numerous questions and developing options for use by those engaged in implementation of the civilian aspects of the Dayton accords.

In July 1997, the Institute convened a "Roundtable on Justice and Reconciliation in Bosnia and Herzegovina" to explore the options for dealing with the aftermath of abuses committed on all sides during the conflict, and to examine how to achieve a sense of justice that will facilitate societal reconciliation. Significantly, the Roundtable marked the first time since the war in Bosnia that the key officials from each of the three ethnic communities who deal with war crimes and related abuses committed during the conflict agreed to join together for a dialogue on this difficult issue. The Roundtable was co-sponsored and co-funded by the Council of Europe and the OSCE.

By the conclusion of the Roundtable, participants reached a consensus on twelve recommendations for further action. During FY 2000–FY 2001, the Rule of Law Program will continue devoting significant attention to implementation of these recommendations. Among these, the Institute has been asked to assist in the creation of a Bosnia-wide Truth and Reconciliation Commission to establish one consensus history of abuses committed against victims on all sides of the conflict; this Commission will hopefully make a major contribution towards durable peace in Bosnia. It is expected that the Commission will be established in FY 2000 and will continue to be the subject of significant Institute involvement in FY 2001. In addition, in response to encouragement from various Bosnian officials and organizations, plans are also in development for a follow-on roundtable to the successful 1997 conference, perhaps expanded to explore justice issues with participants from each of the countries of the region. Finally, the Rule of Law Program will conduct work in FY 2000–FY 2001 on questions of constitutional design, the possible reform of political and legal structures, and issues of justice and reconciliation in several parts of the former Yugoslavia, including Bosnia, Serbia, Kosovo and Montenegro.

Justice and Reconciliation in Rwanda and the Great Lakes

Within weeks of the 1994 genocide, the Institute organized a major conference on justice and accountability in Rwanda, assembling some fifty senior U.S. and UN officials, leading experts, the Rwandan prime minister (by telephone from Kigali), and the chief prosecutor for the UN war crimes tribunal for the former Yugoslavia. A special report on the subject was issued. In November 1995, at the request of the Rwandan President, the Director of the Rule of Law Program spent time in Kigali developing a detailed plan for handling the problem of accountability following the genocide and drafting what became Rwanda's Genocide Law; this advisory role to the Rwandan Government has been an ongoing one. In FY 1998, as an example, at the request of the State Department and AID, he returned to Rwanda to evaluate implementation of the Genocide Law and develop detailed recommendations for U.S. assistance. Efforts to facilitate implementation of the justice program in Rwanda and the region will continue in FY 2000 and FY 2001 in the context of the Administration's multi-year "Great Lakes Justice Initiative" announced by President Clinton in 1998. This will include production of several papers, assistance in the development of a computer-based case management system to expedite the processing of cases and consultation on the implementation of the "gacaca" program, an innovative village-based approach to justice and reintegration to be launched in 2000.

International Sources for Rule of Law Principles

Although the term "rule of law" is widely used in discussions about the future of international conflict, there continues to be a considerable range of views — including within various agencies of the U.S. Government responsible for undertaking "rule of law" assistance programs in dozens of countries — on what the concept includes. To help establish a commonly accepted definition and framework for implementation of this concept, the Institute is mapping how elements of the rule of law are expressed through various international

instruments and other sources of international law. A monograph on this topic is planned. During FY 2000 and FY 2001, the Rule of Law Program also plans to work closely with the State Department, AID, USIA, the UN, the World Bank and others to help develop a more clearly defined and coordinated approach — for rule of law programs worldwide. An additional project in FY 2001 will facilitate a dialogue among regional organizations – including the OSCE, the Council of Europe, the OAS, the OAU, the Arab League, and ASEAN – on approaches to the development and implementation of standards on the rule of law within their member states.

Constitution-Making as a Mechanism for National Reconciliation

In many countries making the transition from civil war, one of the first tasks undertaken is the drafting of a new constitution. Insofar as the constitution articulates the vision of a new society, defines the fundamental principles by which the country will be reorganized, and redistributes power, it can play an important role in the consolidation of peace. Through commissioned papers and the convening of an inter-disciplinary study group during FY 2000 and FY 2001, this project will explore the options and the limitations in using constitution-making as a vehicle for national dialogue and the consolidation of peace. Previously planned to begin earlier, this project was deferred due to the urgency of the Bosnia and Rwanda work described above.

Grants and Fellowships

A number of Institute grants and fellowships supplement the in-house work on the rule of law. Recent examples include: the Coalition for International Justice, for two consultative workshops at the International Criminal Tribunal for the former Yugoslavia; The American Bar Association for a project to establish a judicial training institute in Bosnia; the Robert F. Kennedy Foundation for a conference in Malawi on the establishment of a truth commission in that country; De Paul University, to organize a conference of legal experts and prepare a manual on implementation of the Chemical Weapons Convention; the Fund for Peace, for a project on the development of new constitutions in the aftermath of civil wars in Eritrea, Ethiopia and Uganda; the International Human Rights Law Group, to assist a grass roots assessment of the justice system in Congo and to generate recommendations for reform; Professor Ronald Slye for a critical analysis of the use of amnesties during post conflict transitions; Senior Fellow Lori Damrosch, who examined how constitutional structures affect war and peace decisions; Senior Fellow William Schabas for a book on the law of genocide; Guest Scholar Gerard Cognac, for work on constitutional transformation in post-conflict situations, with an emphasis on Africa; and a Peace Scholar who examined new approaches to ethnic identity within the framework of international law.

RELIGION, ETHICS, AND HUMAN RIGHTS
(in thousands of dollars)

By Activity

	1999 Actual	2000 Estimate	2001 Estimate	Net Change 2000-2001
TOTAL	192	59	137	78

By Object Classification

	1999 Actual		2000 Estimate		2001 Estimate		Net Change 2000-2001	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel								
Full-time	1.59	93	—	—	—	—	—	—
Other	—	—	0.30	19	1.20	75	0.90	56
Benefits		22		2		6		4
Total	1.59	128	0.30	21	1.20	81	0.90	60
Travel								
Invitational		3		—		22		22
Other		1		4		12		8
Total		4		4		34		30
Office Rent		51		10		10		—
Other Rent/Comm.		—		1		—		(1)
Postage		5		2		2		—
Printing		4		—		—		—
Other Services		—		21		10		(11)
Supplies		—		—		—		—
Furn. & Equip.		—		—		—		—
Grants		—		—		—		—
Total Other		60		34		22		(12)
TOTAL	1.59	192	0.30	59	1.20	137	0.90	78

RELIGION INITIATIVE

Program Overview

Over the past ten years, the Religion, Ethics and Human Rights Initiative has been involved in research, public programs, field projects and outreach efforts. The program's primary focus has been on the role of religion in world conflicts, and the applicability of human rights norms to such conflicts, with special focus on religion and peacebuilding in Bosnia. Activities have included designing projects, organizing working group sessions, hosting public forums, representing the Institute at conferences and in educational settings, and consulting and participating in projects devoted to religion, human rights and ethics.

Activities Through FY 2001

Religion, Nationalism and Intolerance

The Initiative has conducted an on-going study of religion and conflict and, in particular, intolerance and discrimination as sources of international conflict. The project has recognized the increasing interaction of religion and politics, as well as the relation between ideology, nationalism and other cultural forces that are inseparable from religion. Particular interest has been paid to the manner in which various belief systems motivate action and justify certain behavior and policies. Special attention has been given to the prospects for ameliorating religious and ideological conflict through the elimination of religious intolerance.

The cases in the series have included Ukraine, Sri Lanka, Lebanon, Sudan, Nigeria, and Tibet. All the cases were chosen in order to exemplify different cultural and belief traditions, various geographical and political settings, and diverse types of intolerance.

Religious Reconciliation in the Former Yugoslavia

Having helped, in June 1997, to create a new Inter-Religious Council (IRC) of Bosnia-Herzegovina, consisting of the top religious leaders of the Muslim, Roman Catholic, Jewish, and Serbian Orthodox communities of Bosnia, the Initiative has continued its work with regard to religion and peacebuilding in Bosnia. The Senior Scholar traveled extensively in the Federation and the Republika Srpska in Bosnia to gather information for a report on the state of and prospects for further inter-religious and ethnic cooperation in Bosnia. In February 1998 the Initiative convened a workshop to discuss the findings and recommendations put forth in the forthcoming report on religion and peacebuilding in Bosnia and Herzegovina. The report on religion and peacebuilding assesses the state of interreligious cooperation in Bosnia-Herzegovina and recommends ways in which the IRC might cooperate with other local entities, field representatives of U.S.-based and other international organizations in addressing the security, property and religious freedom concerns of the religious communities.

Religious Freedom Abroad

David Little, the Senior Scholar, served as a member during 1998-1999 on the State Department Advisory Committee on Religious Freedom Abroad and assisted in the drafting of the Committee's final report. Executive Fellow Jeremy Gunn served as staff during 1998-1999 within the Department of State Office for Religious Freedom Abroad. He gave special attention to U.S.-Islam relations. Following the completion of his assignment at the State Department, Gunn spent four months at the Institute preparing a *Peaceworks* publication on religious freedom abroad.

Religion, Ethics, and War

In May 1999 the Initiative and the Rule of Law program convened a roundtable on "Ethics and War" at the request of the offices of military chaplaincies of the Department of Defense. The purpose was to assist U.S. military chaplains to gain a deeper understanding of the interrelationships among religion, ethics, and war, and in turn to reflect creatively on the multiple roles that military chaplains play in times of military action. A continuing relationship between the Initiative and the office of military chaplaincies is under discussion.

Transition to New Program Priorities

In June 1999 the director of the Initiative, Dr. David Little, retired from the Institute which in turn has occasioned a careful review of past accomplishments of the Initiative and possible new program priorities. The Institute has concluded that the highest programmatic priority should be given to serving and supporting U.S.-based religious communities in their international peacemaking activities. This program emphasis would help enable and empower U.S.-based religious communities to: (a) better understand the nature of international conflict; and (b) make a more effective contribution to the management of international conflict. These communities have considerable potential to play more effective roles because of their extensive international activities. They enjoy partner relationships with local religious groups and they provide humanitarian assistance in conflict areas. Moreover, many international conflicts involve religious conflict and many U.S.-based religious communities are eager to make more effective contributions to world peace.

The initial stages of this new program emphasis, which will commence in the fourth quarter of FY 2000, will entail wide consultation with religious communities both in the U.S. and abroad to more sharply identify an effective Institute role. The Institute will then organize training for religious leaders; organize workshops for religious leaders along with experts on international conflict; help religious communities to map out their own program strategies for peacemaking; and write and publish research on these issues that would help religious bodies in this work. All the activities will be ecumenical and inter-faith.

GRANT PROGRAM
(in thousands of dollars)

By Activity

	1999 Actual	2000 Estimate	2001 Estimate	Net Change 2000-2001
TOTAL	3,408	3,691	3,857	166

By Object Classification

	1999 Actual		2000 Estimate		2001 Estimate		Net Change 2000-2001	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel								
Full-time	5.00	318	5.00	340	5.00	353	—	13
Other	—	—	---		---		—	—
Benefits		72		77		80		3
Total	**5.00**	**390**	**5.00**	**417**	**5.00**	**433**	**—**	**16**
Travel								
Invitational		23		24		24		—
Other		4		9		9		—
Total		**27**		**33**		**33**		**—**
Office Rent		76		48		48		—
Postage		7		8		8		—
Printing		51		65		60		(5)
Other Services		57		108		48		(60)
Supplies		—		2		2		—
Furn. & Equip.		—		—		—		—
Grants		2,800		3,010		3,225		215
Total Other		**2,991**		**3,241**		**3,391**		**150**
TOTAL	**5.00**	**3,408**	**5.00**	**3,691**	**5.00**	**3,857**	**—**	**166**

GRANT PROGRAM

Program Overview

The Grant Program supports peacemaking activities, training of practitioners, policy analysis, education, and public outreach through financial support to nonprofit organizations (including private colleges and universities), official public institutions, and individuals. The program serves all of the Institute's basic purposes—research to expand society's knowledge, specialized support and training for the work of diplomats and other professionals, enrichment of curricula at both university and high school levels, and better informing the public at large. It was the first Institute program launched and continues as the largest. Using both unsolicited and solicited grants, it covers the widest range of subject matter and contributes to expanding the Institute's network of institutional relationships with universities and other academic, research, educational, and library organizations throughout the United States and abroad.

Activities Through Fiscal Year 2001

GRANT PROGRAM AWARDS
Obligations and Commitments
FY 1998–FY 2001*

($000's)

	FY 1998** Actual			FY 1999** Actual			FY 2000** Estimate			FY 2001 Estimate		
Category	Uns.	Sol.	Tot.	Uns.	Sol.	Tot.	Uns.	Sol.	Tot.	Uns.	Sol.	Tot.
Research & Studies												
Unsolicited	1548	—	1548	1333	—	1333	1569	—	1569	1695	—	1695
Solicited	—	788	788	—	537	537	—	600	600	—	600	600
Subtotal	1548	788	2336	1333	537	1870	1569	600	2169	1695	600	2295
Education & Training												
Unsolicited	399	—	399	556	—	556	550	—	550	500	—	500
Solicited	—	105	105	—	360	360	—	311	311	—	400	400
Subtotal	399	105	504	556	360	916	550	311	861	500	400	900
Library & Information Services												
Unsolicited	38	—	38	30	—	30	30	—	30	30	—	30
Solicited	—	—		—	40	—	—	—	—	—	—	—
Subtotal	38	—	38	30	40	70	30	—	30	30	—	30
TOTAL	1985	893	2878	1919	937	2856	2149	911	3060	2225	1000	3225

* Does not include staff and related costs of program operation or grants related to Bosnia Initiative described in Part IV above.

** Figures for each fiscal year include amounts committed in the previous year as follows: FY 1998 -- $114,000; FY 1999 -- $30,000; FY 2000 -- $82,000

NOTE: Total obligations indicated above are before accounting adjustments.

Numbers and Amounts of Grants

From the beginning of the Grant Program in 1986 through FY 1999, the Institute received approximately 5,637 applications for total funding requested of over $329,000,000. During this period, it approved 1159 grant awards (solicited and unsolicited) for a total funding of approximately $36,000,000.

The amount of grant awards in each year has varied depending on the amount of funds available and the number and quality of applications. From FY 1988 through FY 1991, except for FY 1989, the level of total grant stipends averaged about $2,200,000. For the period from FY 1993 through FY 1997, the Institute maintained the annual level of grant stipends approved for its regular programs to approximately $3,100,000. During FY 1998 and 1999 this level dropped to below $2,900,000. In FY 2000 and 2001, the Institute plans to increase the annual level of stipend support to the 1993 - 1997 levels. Grants will continue to play a significant role in both the Balkans Initiative and the expanding training program.

Unsolicited Grants

The Institute holds two Unsolicited Grant competitions each year, open to applications relating to any of the Institute's priority interests. For the 1999 competitions, 360 applications were received. These applications were reviewed by staff and, in most cases, by twelve panels of external reviewers (approximately 54 panelists in all), with the final decisions being made by the Institute's Board of Directors.

Solicited Grants- FY 1995 – FY 1999

The Institute's annual Solicited Grants competition, now in its eleventh year, allows the Grant Program to define more sharply, in advance, a portion of the grant-funded work to be supported. For the 1999 competition, 144 applications were received. The topics for the last four years, and the upcoming Solicited 2000 competition, are listed below.

FY 1995 -- *two topics*:

• International Intervention Strategies . The first solicitation called for research or pilot projects related to economic, political, and military intervention at various stages of conflict development to prevent, contain, manage, and end internal strife. What criteria should be used for international intervention? What kind of intervention should be pursued, under what circumstances? Who should carry out the intervention?

• Negotiation Research and Training. The second solicitation sought research and innovative training relating to negotiation. Among the issues to be considered were: How can the capacities of institutions, multilateral regimes, or international organizations be strengthened to facilitate negotiated resolution of conflict, or mediation and facilitation? Applicants were also invited to propose

projects to develop new training programs on international and cross-cultural negotiation.

FY 1996 -- *four topics:*

• New Approaches to Conflict Management, Peacemaking, and Peacekeeping: Applicants are invited to present proposals for research, training, or NGO pilot initiatives on such new approaches as new roles for regional organizations, new ways of utilizing military forces, new uses of information technologies, assessments of the interdependency among conflict managers, and multi-track diplomacy.

• Economic and/or Environmental Factors and International Conflict: The Institute is especially interested in projects that address the conditions under which economic forces, including specific economic or commercial policies, may serve as tools to ameliorate international conflicts. Environmental factors have created special challenges as a source of conflict, with implications for internal and transnational disputes.

• Professional Training Programs and Materials: Projects may involve training for professionals and should be related to conflict management skills or approaches such as negotiation, facilitation, mediation, preventive diplomacy, peacekeeping, conflict analysis, or similar measures.

• Cross-Cultural Negotiation: The Institute launched an initiative in 1994 to study the cross-cultural dimensions of international negotiating behavior. To reinforce that effort, the Institute has invited proposals from individuals with practical experience in cross-cultural negotiations to assess the implications of cultural attributes of societies for state negotiating behavior and the influences of cultural factors on negotiating parties' perceptions, positions, flexibility, tactics, or strategic behavior.

FY 1997 -- *four topics:*

• Post-Settlement Peacebuilding: The Institute invites proposals for research, pilot projects, and training activities directly related to post-settlement peacebuilding. Themes of particular interest include: reconciliation; civil society building; mechanisms for conflict management in transitional periods; economic reconstruction and peace; power sharing and constitutional development; transitional justice; educating for peace; elections and conflict management; demobilization, disarmament, and de-mining; civil-military relations; specific issues related to peacekeeping; and repatriation/resettlement of refugees and internally displaced persons.

• Negotiation, Mediation, and "Track II" Diplomacy

  • *Subtopic: Training of International Affairs Professionals and Practitioners*

The Institute solicits proposals on programs to train professionals engaged in

international conflict management and resolution, and the development of new materials for training purposes. Professionals may include officials of states or parties to a dispute, international organizations, or NGOs. The Institute encourages applications for training of non-governmental organization staff likely to be actively engaged in conflict management or humanitarian assistance activities. Approaches and methods of successful applicants would contribute to the Institute's training capacities.

- *Subtopic: Mediation*

Proposals are invited for research on mediation in internal conflicts with clear international ramifications. Subthemes of particular interest include: NGOs as mediators; use of force and mediation; secret versus public negotiation and mediation processes; conditionalities and the mediation process; and training as a vehicle for mediation.

- Regional Security Issues and Conflicts

  - *Subtopic: European Security*

The Institute is interested in supporting several projects that focus on the future of security in Europe and the role of the United States in enhancing European regional security. Themes of particular interest include: identifying emerging threats to peace; the future of NATO; European-Russian relations; the impact of the wars in the former Yugoslavia on European security and on regional organizations such as NATO; and the future of other regional organizations.

  - *Subtopic: South and Southeast Asia*

The Institute invites proposals that would assess the principal conflicts in South and Southeastern Asia and the options and mechanisms for the international community to promote their peaceful resolution. Proposals are especially encouraged on the following themes: how to initiate and sustain negotiation processes; international tools and options for promoting peace; global and regional arms control agreements; regional and internal confidence-building measures; and regional security institutions and approaches.

- Cross Cultural Negotiation Country Studies:

The Institute continues to be interested in supporting research on cross-cultural negotiation, particularly the national negotiating behavior of certain pivotal states. Studies should include how the history and culture of a country is reflected in negotiating styles and how institutional and cultural environments shape negotiating positions and strategies. The emphasis of such studies should be on the country's negotiating behavior on issues related to international peace and conflict as opposed to those primarily focused on economic or trade relationships. Successful applicants will likely be invited to take part in ongoing Institute activities on this theme.

FY 1998- -- 4 topics:

• International Organizations: The Institute will consider proposals for research, training, and pilot projects that address the following critical issues: the role of the United Nations High Commissioner for Refugees and the protection of refugees more generally; regional and subregional organizations; and obstacles to UN reform. Projects that focus on Africa are especially welcome.

• Post-Settlement Peacebuilding: Building peace after the ink on a peace agreement is dry is one of the most critical tasks facing the international community today. The Institute invites proposals for research, training, pilot projects, and development of teaching cases on several post-settlement peacebuilding themes--reconciliation; mechanisms for transitional conflict management; transitional justice; elections and governance; economic reconstruction; and post-conflict security.

• Virtual Diplomacy: New information, communications, and data analysis technologies are changing the nature of international relations. The Institute encourages efforts to assess the implications of these changes for the analysis of international conflict and to develop and promote innovative ways to manage such conflicts. The Institute invites proposals for research and pilot projects that assess how "virtual diplomacy" may help ameliorate international conflict, in particular projects related to information and communications technologies and the mass media; information gathering, analysis, and dissemination; digital libraries and information centers related to peace and conflict management; and the development of virtual training materials.

• Arms Control: The Institute invites proposals for research, training, pilot projects, or the development of teaching cases that propose collaborative projects involving arms control and regional/country specialists especially on biological and chemical weapons control, demilitarization and defense conversion, and small arms proliferation (particularly in Africa).

FY Year 1999 -- 4 topics:

Bosnia and the Balkan Region: The Institute has initiated numerous programs to advance the resolution of conflict in Bosnia and the Balkans in general, particularly since the signing of the Dayton peace agreement of November 1995. To reinforce those efforts, the Grant Program seeks to support work that will further the consolidation of the Dayton accords and build a lasting peace in these multi-ethnic societies. The Institute will consider proposals for research, training, and pilot projects that address such issues as: rule of law; religion; conflict resolution training; educating for peace; communications, media, and peacebuilding; and constitution-making as conflict management.

The Middle East: The Middle East remains a region in turmoil. It is home to some of the most long-standing and violent conflicts of the century and several other potential flash points. The Institute invites proposals for research, training, and pilot projects on several themes including: peace processes, critical bilateral

relations in the region, civil-military relations, weapons proliferation, and the role of new information and communications technologies in conflict resolution in the Middle East.

Training in Conflict Management: The Institute remains interested in training of foreign affairs practitioners—both official and non-official and from the United States and abroad—in conflict analysis and skills development for preventing, managing, and resolving conflicts. Several awards will likely be made that support the development of new approaches to training and innovative training curricula, or that support actual training programs aimed at increasing the understanding and practice of conflict management and resolution. Actual peacemaking efforts through training that focus on building negotiating and problem-solving capacity among disputing parties, third parties, or among influential groups surrounding the official parties are particularly encouraged.

The Changing Nature of Diplomacy: The end of the Cold War produced a systemic shift in international relations, and the implications of this shift—combined with stunning advances in international communications technologies and rapidly expanding economic interdependence—are just now being fully appreciated. The Institute seeks to foster innovative analysis and applied projects on the changing nature of international diplomacy at the dawn of the 21st century. Projects addressing such topics as: multilateral diplomacy, "virtual diplomacy," first contacts between states with enduring rivalries, and the use of new or evolving instruments of diplomatic practice would be welcome.

FY 2000 -- 4 Topics:

Great Power Relations: United States, China, and Russia: In the coming years, the extent of international peace and cooperation is likely to be heavily influenced by the character of relationships between the United States and China, as well as with Russia. This in turn will be deeply affected by the nature of domestic politics in China and Russia. The Institute invites policy-related projects in the following areas: U.S. foreign policy management in relation to East Asia; U.S.-China relations; management of regional conflict in Southeast and Northeast Asia; politics of change and nationalism in Russia; Russia's role in the management of European security; and Russia and Central Asia.

Intervention and Humanitarian Assistance: The international community is intervening with increasing frequency in civil wars and ethno-religious conflicts, with the NATO intervention in Serbia being the most dramatic. The Institute encourages pilot projects and research efforts to study the changing nature of intervention and its implications; the effectiveness of various forms of intervention, particularly in the delivery of humanitarian assistance; the institutional capacities for international intervention; and the evolving nature of international law regarding external intervention for humanitarian reasons.

Africa: Africa presents a mixed picture, with continued or intensified conflict in such places as the Sudan, the Great Lakes region, and Ethiopia and Eritrea, but

offering greater hope in Nigeria and some other countries. The Institute seeks applications for policy-related research and for field projects that address conflict management in Africa, including post-conflict reconstruction; provision of humanitarian assistance; cross-border intervention and its implications; and the role of regional and sub-regional institutions as well as African, non-African, and international organizations.

Practitioner Training: Training of official and non-official foreign affairs professionals and practitioners engaged in international peacemaking continues to be a high priority for the Institute. The Institute solicits projects that focus on building the negotiating and problem-solving capacity of disputants or influential groups relevant to the official parties; improving conflict management skills of third-party facilitators, including efforts to promote track two (unofficial) diplomacy; and training related to conflict management skills or approaches such as facilitation, preventive diplomacy, peacekeeping, and conflict analysis.

* * *

For FY 2001, the Institute will select a new set of topics for the Solicited Grant competition. The new topics chosen will enable the Institute to continue to push forward the frontiers of knowledge and practice in relation to understanding how to promote greater peace in the world as we enter a new millennium.

Projects Assisted During FY 1999

Bosnia and the Balkans

In support of the Institute's continuing commitment to resolving conflict and promoting reconciliation in the troubled region of Bosnia and the Balkans, numerous grants were awarded on peacebuilding, education and training, and policy analysis:

- With Institute funds, World Vision Inc. has launched a project to reintegrate minority populations in communities, particularly returning refugees, located in the Zone of Separation between Brcko town in the Republika Srpska and the Municipality of Brcko in the Federation. Programs include strengthening participation of minorities in the formal education system, and enhancing positive interaction between the local communities and the police force.
- A grant to Radio Kameleon is supporting innovative television and radio programming involving the mayors of Tuzla, Brcko and Brcko-Ravne to stimulate public understanding and debate on democracy and peacebuilding.
- A grant to GROUP MOST/Center for Antiwar Action in Belgrade, is helping to launch a peace and conflict studies program to include training workshops, public lectures and roundtables, the first of its kind in the country.
- A grant to the Institute of World Affairs is helping to establish three multi-ethnic Centers for Civil Cooperation in critical areas of Bosnia-Herzegovina,

which will carry out conflict resolution training programs for local and community leaders.

- The Institute for Resource and Security Studies is being funded to convene two conflict management training workshops in Macedonia and Banja Luka for health professionals from the region in an attempt to promote health care delivery initiatives compatible with ethnic reconciliation.
- A grant to the American Bar Association's Fund for Justice and Education is helping to set up a local Judicial Training Institute to provide training and continuing legal education to the judiciary of Bosnia and Herzegovina, recognizing that a professional and independent judicial system is crucial to democratic governance and the rule of law in this region.
- The locally based Center for Religious Dialogue is training grass roots leaders and religious community leaders in Bosnia and Herzegovina how to reach across religious lines to achieve accommodation and reconciliation.
- A grant to Protector in Bosnia and Herzegovina is training youth on multi-ethnic tolerance.
- The United Methodist Committee on Relief has trained teachers in Bosnia-Herzegovina on diversity issues and creative conflict resolution, who will then pilot their own workshops in order to incorporate non-violent conflict management into the current school curriculum.
- The Institute is funding a project by Public International Law and Policy Group to develop and disseminate recommendations on ways to implement electoral reform in Bosnia that are more conducive to constructive political discourse.
- The Memorial Hall Association is assessing various aspects of the experience of U.S. Army peacekeepers in Bosnia including training for peacekeeping missions, the methods employed to curb violence, and the applicability of the Bosnian case elsewhere.

Peacebuilding Initiatives

A number of the Institute's grants are having significant impact in promoting peace through projects at the grassroots level and beyond:

- In Warri, an area recognized as the most volatile area of Nigeria, a grant to the Academic Associates Peace Works assisted in holding workshops in conflict management for youth and adult leaders, as well as enabling conciliation efforts through members of the Nigeria Corps of Mediators.
- The Institute's funds facilitated the Conflict Management Group's Track II effort to convene key figures from the Greek and Turkish Cypriot communities, Greece and Turkey, in an attempt to break the deadlock in negotiations over the Cyprus conflict.
- The Council on Foreign Relations is assembling key experts from mainland China and Taiwan, along with American specialists, to generate fresh thinking about new arrangements or understandings between China and Taiwan that might reduce tensions and help stabilize this potential flashpoint over the next generation.

Educating for Peace

- With support from the Institute, the Israel-Palestine Educational Center at Kerem is introducing the study of democracy and conflict resolution to high school teachers and students which will be unique in that the program will occur simultaneously in both the Israeli and Palestinian educational systems.
- A project by the Partners for Democratic Change is preparing curricular material on peacemaking and conflict resolution as part of developing a peace studies program in universities in the Baltics, Armenia, Azerbaijan and Georgia.
- A grant to Global Youth Connect, a youth-led international human rights organization, is helping to launch a pilot Summer Learning Community project on leadership development and popular education tools, in collaboration with the University of Minnesota Human Rights Center and Forefront.
- A grant to the World Affairs Council of Philadelphia will enable a series of professional development seminars on Africa and its internal and external turmoil for a cross section of secondary school teachers.
- With Institute funds, the Seeds of Peace is developing an educational, interactive CD-ROM program based on the experiences of Arab and Israeli youth who have participated in the Seeds of Peace summer camp program for use in classrooms in the Middle East.
- A project at Columbia University is developing a handbook on human rights education in conflict and post-conflict situations focusing on effective curriculum design and learning strategies based on practical experience, for use by policymakers, trainers and educators.
- Support to Facing History and Ourselves is facilitating a training program for educators from Western, Central and Eastern Europe to introduce material on racism, prejudice and antisemitism into secondary schools.

Training in Conflict Management

- Mediation Network for Northern Ireland is developing a training program for clergy and lay members of churches in Northern Ireland to more effectively address intra-church, inter-church and church-community conflicts with assistance from the Institute.
- Eastern Mennonite University, in collaboration with several African institutions and practitioners, is developing a manual for practical use entitled, *When You are the Peacebuilder*, based on concrete examples and taking into account the role of local culture and traditional approaches to peace.
- A grant to the Institute for Resource and Security Studies is being funded to organize two conflict management training workshops for health professionals from the area to be held in Macedonia and Banja Luka.
- A grant to the American Bar Association's Fund for Justice and Education is assisting the establishment of a Judicial Training Institute to offer training and continuing legal education to the judiciary of Bosnia-Herzegovina.
- The Psychologists for Social Responsibility is designing a curriculum for professional training in trauma relief and conflict resolution to meet the needs of communities torn apart by ethnopolitical warfare in various parts of the

world.

- The Institute supported a collaborative effort between the University of Montana and the Foreign Affairs College in Beijing to field test training on negotiation techniques utilizing a unique common framework for Chinese and American diplomats, prospective Chinese instructors and trainers, and international affairs professionals.
- The Center for Religious Dialogue is training local leaders and religious community leaders in Bosnia-Herzegovina on inter-ethnic reconciliation with a grant from the Institute.
- The National Peace Foundation is conducting a series of training workshops on "Leadership in Conflict Prevention and Management," aimed at university students from Armenia, Azerbaijan and Georgia.
- A project of the University of Cape Town will design and implement a training course on negotiation skills for government officials from many parts of Africa.

Policy Analysis

- A grant to the University of Notre Dame is drawing lessons from alternative constitutional designs, which may be applied to divided or plural societies to help bring about intercommunal accommodation and strengthen democracy.
- A grant to the Fourth Freedom Forum is developing concrete policy options for the effective design and implementation of targeted or "smart sanctions" which apply coercive pressure against particular decisionmaking groups rather than entire populations.
- A grant to one of Colombia's leading investigative journalists will consider the prospects for the peace negotiations from the point of view of the various actors involved, in an effort to move the process forward.
- The Brookings Institution will convene a U.S.-China policy group for a yearlong set of meetings as part of a project on contrasting American and Chinese visions of international security to inform and develop a more constructive U.S.-China policy.
- A project of a human rights specialist focusing on Afghanistan, is evaluating alternative approaches taken by international relief organizations to promote human rights while delivering humanitarian assistance under conditions which intrinsically jeopardize those rights.
- A grant to Georgetown University is analyzing the prospects of a U.S. grand strategy for managing the transition from a world of unparalleled American dominance to one of multiple centers of power.
- A project of the University of California at Irvine is bringing together parties from a number of regional conflicts with conflict analysts in order to gain a better practical understanding of the effectiveness of unofficial and Track II diplomacy efforts.
- The University of Bradford has a project to examine the nuclear command and control technologies of India and Pakistan and to develop procedures and policies which can help stabilize nuclear crises in the subcontinent.
- An Institute grant has enabled Tel Aviv University to launch a joint Israeli-Palestinian project to explore how technical cooperation on water resource issues by the Israeli Water Commission and the Palestinian Water Authority

can help sustain and advance the peace process in the Middle East.
- The Nixon Center is examining Iran's putative nuclear weapons to encourage Iran's adherence to the Nuclear Non-Proliferation Treaty.

New Technologies in Promoting Peace

- Institute support for a project at York University is conducting a cross-national study to examine how organizations and political movements use on-line technologies as an information provision tool in campaigns against governments.
- Georgetown University has a project to explore how the Internet can advance democracy and help diminish conflict in the Middle East based on network experiences of early adopters and advocates of the Internet in Egypt, Jordan, Saudi Arabia and Syria.
- A grant to the University of California at San Diego has developed a web-based system for multilateral information sharing between Americans, Chinese, Japanese, and South Korea in a "virtual" Track II effort toward promoting a more cooperative order in the region.
- The University of Cincinnati has a project to train college and university professors in how to use information-age technology in teaching international conflict resolution online, including how to conduct online text and video conferences with classes elsewhere, and how to use interactive online cases.

JENNINGS RANDOLPH FELLOWSHIP PROGRAM
(in thousands of dollars)

By Activity

	1999 Actual	2000 Estimate	2001 Estimate	Net Change 2000-2001
TOTAL	1,825	1,814	1,981	157

By Object Classification

	1999 Actual		2000 Estimate		2001 Estimate		Net Change 2000-2001	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel								
Full-time	4.71	270	5.00	293	5.00	300	---	7
Other	---	---		2	---	2	---	---
Benefits		55		60		64		4
Total	**4.71**	**325**	**5.00**	**355**	**5.00**	**366**	**---**	**11**
Travel								
Invitational		17		18		13		(5)
Other		77		54		48		(6)
Total		**94**		**72**		**61**		**(11)**
Office Rent		180		151		151		---
Other Rent/Comm.		---		9		---		(9)
Postage		7		8		8		---
Printing		132		88		100		12
Other Services		247		377		340		(37)
Supplies		2		4		5		1
Furn. & Equip.		---		---		---		---
Fellowships		838		750		940		190
Total Other		**1,406**		**1,387**		**1,544**		**157**
TOTAL	**4.71**	**1,825**	**5.00**	**1,814**	**5.00**	**1,971**	**---**	**157**

JENNINGS RANDOLPH FELLOWSHIP PROGRAM

Program Overview

The Jennings Randolph Fellowship Program provides fellowships and other forms of support to enable outstanding scholars, diplomats, journalists, and similar professionals to conduct research and education projects focused on the nature of international conflict and methods for achieving peace. Awards are made in the following categories:

- ***Senior Fellows*** are prominent scholars and practitioners in the field of conflict resolution and international peace. Fellows generally work in residence at the Institute for up to a year. Approximately half of the fellows are Americans; the others have come from over 30 countries. During fiscal year 1994 the Institute established a new sub-category of **Executive Fellows** who serve as Senior Fellows for approximately one year in an executive branch agency of the U.S. government and then in residence at the Institute for up to a year.

- ***Peace Scholars*** are outstanding doctoral students in American universities conducting dissertation research on international peace and conflict management. Peace Scholars are based at their universities or in appropriate field research sites.

- ***Guest Scholars*** conduct research and writing in residence at the Institute with primary support from outside funding.

- ***Fellows from other federal agencies*** may be in residence for up to one year when assigned by their home agencies. Beginning in 1995, the Institute has hosted annually a senior Army officer detailed from the Department of Defense under an interagency agreement. In 1998-99 a senior U.S. diplomat was in residence on detail from USIA.

Recipients of Senior Fellowships and Peace Scholar awards are selected through annual, widely publicized competitions, for which the selection process begins each October and ends the following May; and, in the case of fellows whose projects are of special interest to the Institute, through recruitment conducted throughout the year. In the 1998-99 competitions, 130 applications were received for the 14 Senior Fellow awards, and 190 doctoral students applied for the 9 funded Peace Scholar awards.

Activities Through Fiscal Year 2001

NUMBER OF FELLOWSHIP AWARDS
FY 1988–FY 2001*

	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	Total To Date	FY 2000 Est.	FY 2001 Est.
Senior Fellows**	11	10	11	13	16	14	14	15	16	14	11	14**	166	13***	13***
Peace Scholars	10	12	9	10	8	12	10	10	14	10	10	9	124	10	10
Guest Scholars							2	1	2	2	2	2	11	2	2
Fellows from Other Agencies								1	1	2	3	1	8	2	2
TOTAL	21	22	20	23	24	26	26	27	33	28	26	26	309	27	27

*A group of 8 Senior Fellows was selected in FY 1987.
**Includes part-year fellows, typically two to four per year; also includes Executive Fellows.
***Includes at least two Senior Fellows funded under the Balkans Initiative.

Summary Numbers of Fellows

The Institute initiated the Jennings Randolph Fellowship Program in FY 1987 with the appointment of eight Fellows. Through FY 1999, the Institute had appointed a total of 166 Fellows and 124 Peace Scholars, for a total of 290 fellowship recipients, plus eleven Guest Scholars and eight Fellows on detail. The Institute's plans for FY 2000 and FY 2001 include funding 13 Senior Fellows (including up to four part-year Fellows and one Executive Fellow) each year. Also budgeted for FY 2000 and FY 2001 are 10 Peace Scholars, two fellows on detail to the Institute, and one to two Guest Scholars annually.

Program Mission

The Fellowship Program helps to fulfill the Institute's mandate in building a worldwide network of international affairs experts who can contribute to resolving the daunting problems of the post-Cold War world. The program supports the basic mission of the Institute by seeking to develop knowledge about the sources and nature of international conflict, about ways to prevent, manage and resolve violent conflicts on the world scene, and about how to promote reconciliation and sustain peace. Through the projects it supports, the program seeks to further the Institute's goal of supporting policy assessments and applying such knowledge to discussion of policy to the facilitation of dialogue among competing parties in international conflicts; to the training of practitioners; to the education of teachers and, students; and to improving public understanding of international affairs.

Fellows' Activities and Products

The Fellowship Program supports projects that address the prevention, control and resolution of violent conflicts and that define ways of improving policy making and negotiation. The program allows skilled practitioners, seasoned analysts and renowned academics from the U.S. and abroad to offer policy-relevant insight to policy makers and the public. By exposing fellows to a highly collegial environment within the Institute, the program increases their ability to better contribute to the understanding and management of world problems. The fellows' participation in training, education and outreach programs enhances the Institute's resources in fulfilling its core mission.

Program Focus and Themes, FY 1999 – FY 2001

The fellowship program is giving special emphasis to several themes of current policy interest in its plans for FY 2000 and FY 2001.

Bosnia and the Balkans -- The fellowship program has contributed substantially to the Institute's work on Bosnia and the Balkans, also described in full elsewhere in this submission.

- In 1996, the Institute published an analysis of the origins of the Yugoslav conflict by Belgrade scholar and Serbian opposition leader Vesna Pesic, a 1994-95 Institute Fellow.

- During fiscal year 1997 the Institute hosted veteran journalists Dusko Doder and Iain Guest for projects on the reconstruction of Bosnia in the light of multilateral efforts in other post-conflict situations.
- The Institute also had in residence during fiscal year 1997 Peace Scholar Vjekoslav Perica, a Croatian doctoral student at the University of Minnesota, who completed a dissertation on the role of religious organizations in mobilizing ethnic rivalries in the former Yugoslavia; Perica assisted in the Institute's efforts to promote religious reconciliation in Bosnia.
- In residence during 1997-98 was Ruzica Rosandic, a psychology professor at the University of Belgrade, who is organizing a curriculum on reconciliation of warring ethnic groups for use in the schools of the former Yugoslavia.
- Four U.S. Army fellows detailed to the Institute since 1997 focused their research on the U.S. military's approach to peacekeeping in the Balkans. Among them was Col. Volney Warner, who commanded the U.S. Army brigade in Bosnia shortly after his Institute fellowship.
- Ambassador John Menzies, detailed to the Institute from USIA during 1997-99, convened the Institute's Bosnia (later Balkans) Working Group meetings for policy makers and other practitioners on the implementation of the Dayton peace agreement and the Kosovo conflict; numerous reports on these meetings have been published by the Institute.
- Another senior State department officer, Daniel Serwer, was in residence during 1998-99 working on the future of Serbia in the post-Milosevic era; Serwer has since joined the Institute's staff as director of its Balkans Initiative.

During the current year (1999-2000) we will have in residence four fellows and a guest scholar working on Bosnia, Serbia and Macedonia.

- Kemal Kurspahic, the wartime editor of the leading newspaper in Sarajevo (*Oslobodjenje*), is analyzing the role of the media in the Bosnian war and post-conflict reconciliation.
- Stojan Cerovic, senior columnist for the independent Belgrade newspaper *Vreme*, will consider the future of Yugoslavia after the Kosovo conflict.
- Col. Alan Swain of the U.S. Army, who spent the last two years in the Office of the Joint Chiefs working on Balkans policy, will be looking at lessons learned for Kosovo from the Bosnian peace operations experience.
- Keith Brown, an anthropologist at Brown University specializing in Macedonia, is studying the potential for conflict resolution among Slavs and Albanians.
- Tone Bringa, an anthropologist from the University of Bergen, is following up her ethnography of ethnically mixed Bosnian villages during wartime with a study of reconciliation in mixed Muslim and Croat communities.

The fellowship program will continue to contribute to the Institute's work on the Balkans during FY 2000 and FY 2001 through fellowships specifically earmarked for work on the region.

Other Peace Operations -- The Institute published in 1997 a *Peaceworks* report analyzing the U.S. Army's training for peace operations, written by the Institute's first Army Senior Fellow, Col. J. Michael Hardesty, who was in residence during 1994-95. Also in 1997 the Institute published a *Peaceworks* report on police functions in peace operations, examining the role of international policing in Bosnia and other peacekeeping settings. This report derives from a workshop organized by the Institute in 1996. 1994-95 fellow Warren Strobel, White House correspondent of the *Washington Times*, completed his fellowship product, a book on the "CNN effect" and peace operations entitled *Late-Breaking Foreign Policy: The News Media's Influence on Peace Operations*, published by the

Institute in 1997. During FY 1997 Ambassador Paul Hare, U.S. Special Envoy to Angola, was in residence writing a book, recently published as *Angola's Last Best Hope for Peace*, on making and implementing peace in Angola. During FY 1999 the Institute had in residence Bruce Jentleson of the University of California, Davis, for an analysis of the U.S. peace operations strategy.

NATO's Expansion and Post-Soviet Transition -- Ambassador James E. Goodby, longtime nuclear arms negotiator for the State Department and recent recipient of a Heinz Family Foundation Award for lifetime achievement (honoring the memory of Senator Heinz), was a fellow at the Institute in 1992-93. The Institute press published his book on U.S. policy toward Russia, *Europe Undivided: The New Logic of Peace in U.S.-Russian Relations*, early in 1998. Goodby's fellowship is an instance of the Institute's ability to bring the wisdom of senior American diplomats to bear on today's most pressing international issues. In 1999 the Institute press published *NATO Transformed: The Alliance's New Roles in International Security*. Two 1999 special reports by senior fellow Andrew Pierre discussed NATO enlargement in the context of the Kosovo conflict and the future of southeastern Europe. Also in 1999 the Institute published *Ukraine and Russia: A Fraternal Rivalry*, by prize-winning author and former Institute fellow Anatol Lieven. The Institute press will publish in 2000 a major work by former Institute fellow Peter Reddaway of George Washington University on Russian political and economic policy under Yeltsin. A recent Peaceworks report by Anara Tabyshalieva, a former fellow from Kyrgyzstan, focused on ethnic conflict in Central Asia. The theme of post-Soviet transitions and new security alignments in the region will continue to be a major area of interest for the fellowship program in FY 2000 and FY 2001.

Cross-Cultural Negotiation -- The Institute is developing the theme of cross-cultural study of negotiation as a priority area to enhance the abilities of U.S diplomats. Former fellow Raymond Cohen's *Negotiating Across Cultures*, first published by the Institute in 1991 and now reissued in an updated edition, is an acclaimed, pioneering study of the ways national traditions, methods and styles influence the course of diplomatic negotiation. Also published during 1998 was the first of a series of country studies, *Russian Negotiating Behavior: Continuity and Transition*, by former *Time* Moscow bureau chief and 1994-1995 fellow Jerrold Schecter.

Middle East Conflicts -- The Institute's Fellowship Program continues to concentrate on Mideast affairs. In 1999 the Institute press published a major work by Ambassador Adnan Abu Odeh of Jordan, long-time participant in the conduct of Jordanian foreign affairs and a close confidant of King Hussein on Palestinian-Jordanian relations and the Arab-Israeli conflict. Amatzia Baram of the University of Haifa, one of the world's foremost authorities on Iraq, contributed to the policy discussions on Iraq and published a report on Saddam Hussein's foreign policy. Fellows addressing the theme of reconciliation in the region included the well-known American journalist John Wallach, who is analyzing the results of his Seeds of Peace project with Arab and Israeli teenagers over the past five years. His book, *The Enemy Has a Face*, is being published by the Institute in 2000. During fiscal year 1999 the Institute's fellowship program has concentrated on Iran, with Elaine Sciolino of the *New York Times* and Bernard Lynch, an Iran expert in the Australian foreign ministry, in residence. During the current year the Institute will have in residence a senior scholar from Lebanon, Ahmad Moussalli, and a prominent Turkish journalist, Cengiz Candar, examining Islamist movements and relations of Muslim countries with the West.

Other Communal Conflicts – In 1997 the Institute published *Autonomy: Flexible Solutions for Ethnic Conflicts* by 1990-91 fellow Ruth Lapidoth, a professor of law at the Hebrew

University. This work, on the principle of autonomy as a means of managing demands of ethnic groups for self-determination in ethnically- and religiously-mixed states, has applicability in many conflict settings. In 1998 the Institute published *Revolutionary Movements in Latin America: El Salvador's FMLN and Peru's Shining Path* by 1990-91 fellow Cynthia McClintock of George Washington University. During 1999-2000 the Institute has in residence experts on the conflicts in Sri Lanka and Dagestan. The theme of communal conflict will remain a major emphasis of the program during fiscal years 2000 and 2001.

Korea -- The fellowship program is contributing to the Institute's ongoing work on peaceful resolution of the conflict in Korea. A fellowship to Andrew Natsios, formerly of World Vision, has resulted in a special report on the North Korean famine. Natsios is completing a book on the famine and the Western policy response.

Executive Fellows – Africa and Religious Freedom

During FY 1999 two Institute Executive Fellows were assigned to Executive Branch agencies. John Prendergast served in the Directorate of African Affairs at the National Security Council, where he took a leading role in the formulation and execution of U.S. policy on Central Africa, Sudan and the Horn; while in residence at the Institute he completed several reports on these areas. Jeremy Gunn was staff director of the Advisory Committee on Religious Freedom Abroad at the Department of State, implementing the initial State department country reports under the International Religious Freedom Act.

Peace Scholars

Awards for doctoral students at the dissertation stage carry out the Fellowship Program's mission of supporting the professional development of a highly select group of outstanding *Peace Scholars* who are researching doctoral dissertations on topics of salience to the policy community. Peace Scholar awards fund students who will be the nation's future experts on issues critical to American foreign policy and national security. In FY 1999 the Institute awarded nine Peace Scholar fellowships, at $14,000 each. For each of FY 2000 and FY 2001, 10 Peace Scholar awards are planned.

The Peace Scholar program of doctoral dissertation fellowships has achieved a national reputation as a premier funding source for projects on peace and conflict issues. Since 1988 the Institute has made 124 Peace Scholar awards to students at 46 U.S. universities in 24 states and the District of Columbia. The recipients have been drawn from many disciplines, including anthropology, conflict resolution, economics, geography, history, law, political science, psychology, sociology, and urban studies. Peace Scholars conduct their research at their universities or appropriate field sites. The program is highly competitive, with an application-to-award ratio of approximately 20:1 in recent years.

At a time when many private foundations are giving priority to domestic issues and when federally-funded scholarship opportunities for graduate study in international affairs are shrinking, the Institute's Peace Scholar program for

doctoral candidates is supporting the preparation of young specialists whose expertise will be tapped throughout the first half of the twenty-first century. As students must be enrolled at U.S. universities to be eligible for an award, the Peace Scholar program contributes to maintaining an important national resource, the preeminence of American research universities as leading centers of knowledge on world affairs.

JEANNETTE RANKIN LIBRARY PROGRAM
(in thousands of dollars)

By Activity

	1999 Actual	2000 Estimate	2001 Estimate	Net Change 2000-2001
TOTAL	468	432	447	15

By Object Classification

	1999 Actual		2000 Estimate		2001 Estimate		Net Change 2000-2001	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel								
Full-time	4.00	198	4.00	212	4.00	221	—	9
Other	—	—	—	—	—	—	—	—
Benefits		53		57		59		2
Total	4.00	251	4.00	269	4.00	280	—	11
Travel								
Invitational		—		—		—		—
Other		—		1		—		(1)
Total		—		1		—		(1)
Office Rent		108		78		78		—
Other Rent/Comm.		40		—		17		17
Postage		1		1		1		—
Printing		—		—		—		—
Other Services		7		47		32		(15)
Supplies		42		20		23		3
Furn. & Equip.		—		—		—		—
F&E--Books		19		16		16		—
Grants		—		—		—		—
Total Other		217		162		167		5
TOTAL	4.00	468	4.00	432	4.00	447	—	15

JEANNETTE RANKIN LIBRARY PROGRAM

Program Overview

The Institute's Library Program has been designed to promote knowledge critical to the work of diplomats and other practitioners, scholars, educators and students, libraries, and the public about peaceful means to prevent, manage and resolve international conflict. The Library Program not only serves the Institute and the entire nation, but increasingly, a virtual audience worldwide with a strategic commodity of our time: information.

The Library Program has responded to the opportunity to enhance the knowledge and creativity of current and future diplomats and conflict management practitioners with four major programmatic components:

- ***A working research library***: Initially devoted to supporting the work of the Institute's fellows and staff, the Institute's library is becoming a major focal point for access to knowledge about the management of international conflict and the construction of more peaceable societies by practitioners, researchers and the public at large.

- ***A national network of information centers and libraries***: Via the Internet, cooperative networks, informal collaboration, and outreach activities, the Library Program connects to institutions with related collections and specialized holdings, and supports the information needs of other organizations and indirectly, the public at large.

- ***Enhanced access to resources.*** Through the publication and dissemination of guides, bibliographies and user aids, primarily via the World Wide Web, and other public services, the Library Program promotes the use of information in the fields of international conflict management.

- ***Contribution to public education***: A variety of audiences and communities benefit from the resources that the Library Program makes available as well as through grants that seek to strengthen other library and information activities in conflict prevention, management and resolution.

Activities Through Fiscal Year 2001

Advances in computer technology and the expansion of global networks are transforming libraries and information centers, as well as changing the expectations of their users. The Institute's Jeannette Rankin Library Program views such changes as opportunities to extend its services in order to efficiently provide access to information on international conflict management to an increased number of people. While we continue to identify, select, acquire, arrange, maintain, locate, search, retrieve and deliver data and information in support of the research and activities of the Institute and outside visitors, the public education role of the library program is enlarging dramatically.

The Library Program is seizing opportunities for an expanded role in a digital future by developing electronic collections and services for increased public access to information resources. Through collaboration with other Institute programs, the library adds interpretive and educational value to information resources.

Contributing to Public Education

At the end of 1998, in collaboration with the Institute's Office of Communications, the Library Program began to develop World Wide Web pages of links that accompany the online versions of the Office's Special Reports on topics germane to the Institute's mission. The purpose of this new value-added service is to guide our external audiences to useful sources of information published by other reputable organizations, educational institutions and government agencies on the Internet. Web pages have been posted on subjects as varied as the Genocide Convention, U.S. human rights policy, conflict in southern Mexico, and peacemaking in the Horn of Africa, Bosnia and Herzegovina, and Kosovo.

In partnership with the Rule of Law Program, a unique and comprehensive web page on truth commissions and related bodies was launched in early 1999. The web page defines such commissions and lists and describes truth or inquiry commissions in 22 countries. They are: Argentina, Bolivia, Brazil, Chad, Chile, East Timor, El Salvador, Ethiopia, Germany, Guatemala, Haiti, Honduras, Nigeria, Paraguay, Peru, Philippines, Rwanda, Sierra Leone, South Africa, Uganda, Uruguay, and Zimbabwe.

Also, in past summers, the Library Program has collaborated with the Education Program in its enrichment activities for educators and students. We have led discussions about traditional and Internet information resources on the subject of international conflict management for teachers from throughout the United States. In 1999, web pages on Eritrea and Ethiopia produced by the Library Program were components of a simulation activity organized for student winners of the National Peace Essay Contest during their visit to Washington, D.C.

The Institute's Library Program works closely with the Grants Program to support projects that develop tools and enhance access to information critical to scholars, practitioners and public at large in the fields of international conflict resolution and peacemaking. Over 30 Institute grants totaling nearly $900,000 have supported the production and dissemination of subject bibliographies, bibliographic databases and web pages, and scholar-led library discussion programs that have focused on the problems of managing international conflict through peaceful means.

Developing a Digital Collection of Peace Agreements

In late 1997, the Library Program launched a project to develop a digital collection of peace agreements related to inter- and intrastate conflicts since 1989 as a research and learning tool on peaceful means to end international conflict. Peace agreements, although public, are hard to locate. Recurrent themes in such documents make the collection particularly useful for comparative studies in international conflict management. Eventually, the collection will provide access

to a worldwide archive of peacemaking efforts that reflects a broad range of approaches to meet the diverse aspirations of peoples and nations in regional and local conflicts and crises.

Two years later, with extremely limited resources, the Library Program had made available 34 unique peace agreements involving 14 conflicts worldwide. For example, the May 1999 agreements on East Timor, and three related United Nations resolutions can be accessed in the digital collection of peace agreements. The agreements between the governments of Indonesia and Portugal, and brokered by the United Nations, allowed for Timorese to choose between independence and enhanced autonomy within Indonesia in a UN-run ballot at the end of August 1999.

Timely access to peace agreements has reportedly saved Institute staff hours of research, and has fulfilled the needs of information seekers as far away as Bangladesh. The digital collection of peace agreements reflects the Institute's use of information and communications technologies in support of worldwide efforts in international conflict resolution.

Providing Library Services

The Institute's library is an unparalleled federal state-of-the-art resource of information about the management and resolution of international conflict. Its core collection encompasses books and other monographs, journals and magazines, newspapers, CD-ROMs, audiovisual and microform materials, and access to the Internet and a variety of commercial databases. The library complements other federal collections and enriches the government's information assets in the broad areas of national security and international affairs.

The Institute's library collections and services are essential to the important research carried out by fellows, guest scholars and staff members on-site. To date, the library has supported the research of over 300 prominent diplomats and foreign affairs practitioners, scholars and journalists who have been in residence at the Institute.

The Institute library is also open to visitors and serves scholars, practitioners and the general public outside of the Institute, both in the Washington area and more widely within the United States. Its public services encompass circulation, interlibrary loan, reference and referrals, current awareness and online services, library instruction and an acquisitions program. Library staff continues to respond to an undiminished interest of outside researchers and practitioners for information resources and services dealing with international conflict resolution.

Building a Core Collection

Maintained on the Institute's premises, the library currently houses 150 periodical titles and over 7,000 monographs and books, primarily in the fields of peace, security and conflict management. Library staff will continue to increase the depth and breadth of the interdisciplinary collection to include materials in a number of the key sub-disciplines encompassed by the Institute's mandate, including: conflict prevention, management and resolution, diplomacy, negotiation, mediation, and peacekeeping.

The library shares and augments its own collection through library networks, interlibrary loan programs and access to other information networks. Using shared cataloging and advisory relationships with information specialists, the library seeks to avoid unnecessary redundancy while significantly enabling increased information exchange and access for scholars and policymakers addressing problems of international peace and conflict resolution.

Strengthening the Virtual Diplomacy Initiative

Together with the Office of Communications, the Library Program promotes innovative thinking and knowledge about the impact of the global information revolution on international conflict management through a Virtual Diplomacy initiative. Via conferences, meetings, grants, publications and public education activities the Institute promotes new ideas, applications and case studies of information and communications technologies relevant to situational analyses, preventive diplomacy, humanitarian crises, negotiation and settlement, peacekeeping, post-conflict rebuilding and management of global relations.

A number of public meetings over the last four years attracted a diverse audience of more than 1,000 policymakers, practitioners, scholars and educators, and resulted in a series of reports that are readily accessible via the Internet or have been published in printed form. The topics have ranged from the strategic importance of information for diplomacy to the use of geographic information systems and remote sensing technologies in humanitarian operations. The meetings also presented diverse case studies and theoretical approaches on the use of the information and communications technologies by diplomats and other conflict managers. A full description of activities may be found in the section on the Institute's Office of Communications.

PUBLICATIONS

(in thousands of dollars)

By Activity

	1999 Actual	2000 Estimate	2001 Estimate	Net Change 2000-2001
TOTAL	1,130	1,135	1,226	91

By Object Classification

	1999 Actual		2000 Estimate		2001 Estimate		Net Change 2000-2001	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel								
Full-time	7.26	420	8.42	475	11.00	588	2.58	113
Other	—	—	—	—	—	—	—	—
Benefits		101		113		144		31
Total	7.26	521	8.42	588	11.00	732	2.58	144
Travel								
Invitational		—		—		—		—
Other		4		4		4		—
Total		4		4		4		—
Office Rent		108		80		80		—
Other Rent/Comm.		5		1		—		(1)
Postage		41		43		43		—
Printing		132		133		113		(20)
Other Services		309		281		244		(37)
Supplies		10		5		10		5
Furn. & Equip.		—		—		—		—
Grants		—		—		—		—
Total Other		605		543		490		(53)
TOTAL	7.26	1,130	8.42	1,135	11.00	1,226	2.58	99

PUBLICATIONS

Department Overview

The Publications Department develops, produces, and markets books, periodicals, and other publications that disseminate—through print and electronic forms—the results of research, workshops, and other activities of the United States Institute of Peace. In so doing, the department helps fulfill the Institute's legislative mandate to serve the people and the government through the "widest possible range" of education, research, and information services.

To be effective, the Institute must not only produce innovative, policy-relevant research, it must distribute the results of that research to a wide audience—in many locations around the world, in many professions and academic disciplines. And it must bridge the gaps between several communities: diplomatic, military and political officials in the U.S. government, other policy and academic leaders, educators and researchers, and the general public. By publishing the results of its own research and seminars, the Institute increases its effectiveness as a national center promoting peacemaking and conflict resolution, enabling it to attract higher quality grantees, fellows, and workshop participants and to gain greater access to policymakers. Our publications reach tens of thousands of readers across the globe, validating and enhancing our research and educational work and enabling us to positively influence the policymaking process. By maintaining its own publications capability, the Institute is able to exercise greater control over the development process, shorten schedules in this fast-moving world, ensure an appropriate level of quality, and increase its visibility, timeliness, and effectiveness.

The Publications Department develops products from the Institute's varied programs and prepares materials that promote and enhance the work of those programs. The department then disseminates those materials to the appropriate audiences: periodicals and reports are delivered free to carefully selected recipients, and specially designed electronic versions are prepared for our web site; books are marketed through advertisements and various forms of promotion, including two on-line versions of our catalog. In addition, the department prepares slide shows and computer-generated presentations for the executive office and for major conferences.

INSTITUTE'S OUTPUT OF NEW PUBLICATIONS
FY 1990–FY 2001

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 2000 Est.	FY 2001 Est.
Books	3	7	5	8	6	9	6	9	8	7	10	9
Reports	1	3	7	13	9	10	10	17	16	25	28	29
Periodicals	15	15	15	11	*7	6	6	8	6	6	6	6
Brochures, flyers, appl. forms, etc.	25	35	36	22	42	43	40	47	44	45	49	50

*Through fiscal year 1993, periodicals included the Institute's In Brief series. Beginning in fiscal year 1994, that series was combined with an existing series of reports to create a new report format called Peaceworks.

Activities Through Fiscal Year 2001

During FYs 2000 and 2001, as in past years, the Institute plans to develop and publish a variety of books and reports and to continue publishing the Institute's

newsletter and institutional materials. We will also continue to develop and prepare electronic editions of our publications for our web site, as well as create and prepare presentations for the executive office.

Accomplishments in Fiscal Year 1999

In FY 1999, the Institute produced and disseminated the following:

BOOKS

Culture and Conflict Resolution, by Kevin Avruch
NATO Transformed: The Alliance's New Roles in International Security, by David Yost
Coercive Inducement and the Containment of International Crises, by Donald Daniel and Bradd Hayes with Chantal de Jonge Oudraat
Ukraine and Russia: A Fraternal Rivalry, by Anatol Lieven
Hydropolitics in the Third World: Conflict and Cooperation in International River Basins, by Arun Elhance
Chinese Negotiating Behavior: Pursuing Interests Through "Old Friends" (New Edition), by Richard Solomon
Jordanians, Palestinians, and the Hashemite Kingdom in the Middle East Peace Process, by Adnan Abu-Odeh

REPORTS

"Trialogue": U.S.-Japan-China Relations and Asian-Pacific Stability (Special Report)
Removing Barricades in Somalia: Options for Peace and Rehabilitation, by Hussein Adam and Richard Ford and others (Peaceworks)
Contributions to the Study of Peacemaking: A Summary of Completed Grant Projects, vol. 5
Teaching Guide on Preventing Violent International Conflict
Mistrust and the Korean Peninsula: Dangers of Miscalculation (Special Report)
The Taliban and Afghanistan: Implications for Regional Security and Options for International Action (Special Report)
Nagorno-Karabakh: Searching for a Solution, by Patricia Carley (Peaceworks)
The Quest for Democratic Security: The Role of the Council of Europe and U.S. Foreign Policy, by Heinrich Klebes (Peaceworks)
The Genocide Convention at Fifty, by William Schabas (Special Report)
Montenegro—And More—At Risk (Special Report)
Southern Mexico: Counterinsurgency and Electoral Politics, by Michael Foley (Special Report)
Thinking Out Loud: Policies Toward Iraq (Special Report)
A New Approach to Peace in Sudan (Special Report)
NATO at Fifty: New Challenges, Future Uncertainties, by Andrew Pierre (Special Report)
Territorial Disputes and Their Resolution: The Case of Ecuador and Peru, by Beth Simmons (Peaceworks)
"Yugoslavia": Building Democratic Institutions (Special Report)
How Terrorism Ends (Special Report)
The Challenge of Regional Cooperation in Central Asia: Preventing Ethnic Conflict in the Ferghana Valley, by Anara Tabyshalieva (Peaceworks)
U.S. Human Rights Policy: A 20-Year Assessment (Special Report)
Building for Peace in the Horn of Africa: Diplomacy and Beyond, by John Prendergast (Special Report)

Training to Promote Conflict Management: USIP-Assisted Training Projects, edited by David Smock (Peaceworks)
The Politics of Famine in North Korea, by Andrew Natsios (Special Report)
New Approaches to International Negotiation and Mediation: Findings from USIP-Sponsored Research, edited by Timothy Sisk (Peaceworks)
Teaching Guide on the U.S. Response to the Changing Nature of International Conflict
*Building Security in Post-Cold War Eurasia: The OSCE and U.S. Foreign Policy, by Terrence-*Hopmann (Peaceworks)

NEWSLETTERS

Six issues of *Peace Watch,* a bimonthly newsletter currently mailed to almost 16,500 subscribers.

OTHER INSTITUTIONAL MATERIALS

Guide to Specialists, 1999–2000, which describes the areas of specialization of Institute staff members and fellows
National Peace Essay Contest Guidebook, 1999–2000, part of a family of publications promoting this annual high school competition
Fall and spring book catalogs for the Institute Press
Grant and fellowship brochures and application packages
Numerous flyers and brochures to support Institute projects, workshops, and conferences

In addition, the department maintains an on-line version of our book catalog on the Institute's web site that features over 60 titles currently available from the Institute Press, and we maintain a separate on-line version of our book catalog that is available to the public as part of the combined Online Catalog/Bookstore of the Association of American University Presses (AAUP). We also continue to develop and prepare electronic editions of our publications for the Institute's web site.

The Publications Department works hard to stay up-to-date on computer technologies in design, pagemaking, and disk preparation. By conducting many of these operations in house and thereby being able to provide printers with formatted disks, the department has both saved money and gained greater control over production.

Expectations for Fiscal Year 2000

In FY 2000, the department anticipates producing and disseminating the following:

BOOKS

Negotiating on the Edge: North Korean Negotiating Behavior, by Scott Snyder
Herding Cats: Multiparty Mediation in a Complex World, edited by Chester Crocker, Fen Hampson, and Pamela Aall
The Israeli-Syrian Peace Talks: 1991–96 and Beyond, by Helena Cobban
Burundi on the Brink, 1993–95: A UN Special Envoy Reflects on Preventive Diplomacy, by Ahmedou Ould-Abdallah
The Enemy Has a Face: The Seeds of Peace Experience, by John Wallach
The Tragedy of Russia's Reforms: Market Bolshevism Against Democracy, by Peter Reddaway and Dmitri Glinski
States Versus Peoples: Managing Ethnopolitical Conflict in the 1990s, by Ted Gurr
A Very Political Economy: Peacebuilding, Foreign Aid, and the Palestinian Authority, by Rex Brynen
Japanese Negotiating Behavior, by Michael Blaker
Conflict Resolution During South Africa's Transition to Democracy, by Susan Collin Marks

REPORTS

The Institute anticipates publishing 28 reports based on the work of its fellows, study groups, seminars, and conferences. These reports will address such topics as peace education in Serbia, the effectiveness of truth commissions, religious conflict in Bosnia, ethnic conflict in the Great Lakes region of Africa, and power sharing in Islamic states.

NEWSLETTER

Six issues of *Peace Watch,* a bimonthly newsletter currently mailed to almost 16,500 subscribers.

OTHER INSTITUTIONAL MATERIALS

Guide to Specialists, 2000–2001, which describes the areas of specialization of Institute staff members and fellows
National Peace Essay Contest Guidebook, 2000–2001, part of a family of publications promoting this annual high school competition
Fall and spring book catalogs for the Institute Press
Grant and fellowship brochures and application packages
Numerous flyers and brochures to support Institute projects, workshops, and conferences

Plans for Fiscal Year 2001

Continuing to provide for the Institute's publishing and dissemination needs in FY 2001, the Publications Department will develop and produce books and reports based on the output of other Institute programs and disseminate those products to diverse audiences, as well as publish the Institute's newsletter and other institutional materials. In all, the department expects to publish up to 9 books, 29 reports, 6 periodicals, and 50 brochures and similar program-related documents. It will also continue to develop and prepare electronic editions of our publications for our web site, as well as prepare Institute presentations.

COMMUNICATIONS
(in thousands of dollars)

By Activity

	1999 Actual	2000 Estimate	2001 Estimate	Net Change 2000-2001
TOTAL	929	912	918	6

By Object Classification

	1999 Actual		2000 Estimate		2001 Estimate		Net Change 2000-2001	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel								
Full-time	7.07	347	7.42	392	8.00	388	0.58	(4)
Other	0.76	88	0.37	44	0.20	22	(0.17)	(22)
Benefits		97		90		99		9
Total	**7.83**	**532**	**7.79**	**526**	**8.20**	**509**	**0.41**	**(17)**
Travel								
Invitational		13		57		50		(7)
Other		2		15		15		—
Total		**15**		**72**		**65**		**(7)**
Office Rent		69		43		43		—
Other Rent/Comm.		31		21		—		(21)
Postage		9		8		8		—
Printing		9		16		16		—
Other Services		105		101		178		77
Supplies		159		125		99		(26)
Furn. & Equip.		—		—		—		—
Grants		—		—		—		—
Total Other		**382**		**314**		**344**		**30**
TOTAL	7.83	929	7.79	912	8.20	918	0.41	6

OFFICE OF COMMUNICATIONS

Department Overview

The Office of Communications (OC) communicates the results of the Institute's research and work with the objective of educating and engaging the public's interest in issues critical to the U.S. national interest.

OC helps the Institute to build bridges between it and foreign affairs professionals and specialists, media, and citizen bodies by establishing strong communications links through its current issues briefings, conferences, speakers bureau, *Special Reports*, radio broadcasts, and electronic networks.

OC is also responsible for the internal communication link among Institute programs. It works to strengthen administrative and substantive cohesion and interdependence by designing and familiarizing Institute personnel with — and adapting programs to — electronic forms of internal communication and external outreach.

Through the *Virtual Diplomacy* project, and in collaboration with the Jeannette Rankin Library, OC has programmatic responsibility to explore the role of new information and communications technology in international affairs, specifically to promote conflict prevention, management and resolution.

Activities Through Fiscal Year 2001

Public Education Activities

Current Issues Briefings

Working closely with other Institute programs, OC organizes regular current issues briefings for the press, specialists, Congress, and the public on a variety of breaking or topical issues. These events are often occasioned by a new publication from the Institute Press or the visit of an international dignitary or an American statesman/woman. In 1999, the Office of Communications organized approximately three current issues briefings a month. They featured such notables as President Clinton speaking on U.S. China policy; Carl Bildt, who spoke about a policy for peace in Southeastern Europe; the presidents of Ecuador and Peru, who described lessons from mediating their two countries' recent peace agreement; Secretary of State Madeleine Albright, who outlined U.S. strategy toward Serbia and Kosovo; and Prime Minister Milorad Dodik, reporting on the role of Republika Srpska in the future of Bosnia and Herzegovina.

Media coverage and information support

Current issues briefings that feature such VIP policymakers as listed above attract the media to the Institute. Importantly, however, the VIPs are themselves attracted to the Institute as a venue because the media have already recognized the credible expert resources the Institute provides. Coverage of the Institute's work both in print and by broadcast has increased steadily in the last few years, aided by Institute-produced Media Alert and *Newsbytes* (a new media product, distilling policy findings or recommendations on a breaking issue). OC uses a number of printed and online vehicles, such as the Institute's print and Web-based Newsroom, *Guide to Specialists* and Media Alerts, Web-based issues in-depth, conventional press releases and the already mentioned *Newsbytes* to inform and direct media attention to Institute expertise and work. Using email, fax, and listserv Media Alerts to notify media, OC matches breaking issues with expertise on an as-needed basis.

It is not uncommon for Institute staff and fellows to have as many as 150 interviews and press citations a month. OC draws experts from past and current fellows and grantees, who serve the Institute as intellectual resources on emerging international issues. OC also hosts off-the-record media briefings for domestic and foreign reporters featuring in-house expertise. The Institute has become a regular media resource for such print media as the *Washington Post, Washington Times, Los Angeles Times,* and television news broadcasts such as CNN, CBC, Fox, and "Lehrer News Hour" as well as radio's National Public Radio, Voice of America, and BBC.

Print and online special reports to policymakers, practitioners, and the public

Special Reports represent the Institute's quickest printed and electronic (via mail and Web) dissemination vehicle of expert analysis of compelling issues of the day. Through *Special Reports,* occasioned by Institute-sponsored events or by fellows as part of their research projects, timely policy analyses and recommendations reach policymakers, practitioners, and the public quickly and in readable formats. An anecdote about a report that described the difficult situation for Serbians last year before the war dramatizes the impact the online reports have in particular. Just after putting the report on the Web, an independent and well regarded magazine and newspaper in Serbia called to interview the authors because they were so heartened to learn that Americans did not equate all Serbs with their government. Clearly the online production of these reports signifies the Institute's growing recognition of an international public as a core audience.

During FY 1999, OC published 27 *Special Reports.* Highlights include: *The Politics of Famine in North Korea* by Andrew Natsios; *Reconstructing Peace in the Congo* by John Prendergast and David Smock; *Twenty Years of Human Rights Implementation* (6/99); *"Yugoslavia" Building Democratic Institutions* (4/99); *A New Approach to Peace in Sudan* (2/99); *NATO at Fifty: New Challenges, Future Uncertainties* by Andrew Pierre (2/99); *Bosnia Report Card: Pass, Fail, or Incomplete?* (1/99); *The*

Genocide Convention at Fifty by William Schabas (1/99); *Southern Mexico: Counterinsurgency and Electoral Politics* by Michael Foley (1/99).

Electronic dissemination of expert analysis

To maximize outreach to the American public and to exploit Institute resources, OC has in the past organized radio tours featuring interviews with experts on subjects related to current issues briefings, special reports and other ongoing work at the Institute. We have become more attentive to the growing influence of Diaspora in fuelling or quelling a conflict abroad and therefore have been targeting for radio broadcasts Disaspora populations that have ties to countries on the brink or involved in conflict.

OC also will begin webcasting its current issues briefings on a regular basis. It is already providing web audio service of these briefings. Currently available are presentations by Nobel Peace Prize Winner Jose Ramos Horta and National Security Adviser Sandy Berger. The Institute webcast two conferences last year. *Managing Information Chaos* was a live web cast, but made available on the web for another three months. One hundred people attended the conference. Through webcasting, another 500 heard the conference worldwide. The Institute's Balkans conference where regional leaders addressed not only an American public, but their own national and regional publics via the web was also webcast.

Virtual United States Institute of Peace: http://www.usip.org

More people see the Institute's work presented on our website than through any other Institute communication vehicle. The growth in the Institute's worldwide audience has been significant. This year the website was complimented by the Chinese government for its efficient and effective handling of Institute material. The site was chosen as its first reviewed website by *the Online Journal of Peace and Conflict Resolution*. The review noted that "the website is a well-rounded and thorough extension of its [the Institute's] mandate. It is a high-quality addition to the field and provides all users with a large variety of resources to encourage their work for peace."

A new feature on *www.usip.org* is the in-depth page, which pulls together and links all of the Institute's digitized work so that users can take advantage of a one-stop shop for analysis and treatment of a specific region or topic. This web treatment is typically occasioned by an upcoming public event or even a special report (eg., North Korea in-depth; Africa in-depth). Moreover, its target audience reflects the Institute's own full range of audiences, from high schools students to policy makers.

Speakers Bureau

The annual turnover of Jennings Randolph Fellows, who represent a wide variety of perspectives and fields, and the high levels of expertise among in-

house staff offer the Institute a rich source of public speakers about international conflict management in general and specific topics and regions, in particular. OC successfully solicits and routinely responds to requests for speakers by civic organizations and universities around the country. The Institute publishes a *Guide to Specialists* that civic organizations use to plan their annual programs. OC also coordinates briefings and other presentations for external groups visiting the Institute.

Public Requests

The Institute's expanding outreach efforts continue to generate over a thousand requests a year for publications, documents, and information relating to Institute activities. OC announces Institute product availability through the Institute newsletter, *PeaceWatch*, and its Web site—as well as through the newsletters and publications of more than 300 international affairs organizations, professional associations, information clearinghouses, libraries and participation in professional conferences—and finally a new USIP information listserv, "Ping-me," which goes out once a week to 700 subscribers (and growing) listing upcoming public and free Institute activities and publications.

Information systems

OC is responsible for the telecommunications infrastructure for the Institute. The information systems unit provides and maintains the electronic capacity for the entire Institute. This electronic service is the means by which the Institute meets the increasing demand for its work while maintaining a constant personnel level. The information systems staff strives to implement innovative electronic program capacities for the Institute not only to improve in-house efficiencies but to demonstrate to foreign affairs organizations and practitioners the new electronic capacities and tools currently available for conflict prevention, management, and resolution. It has also been successful in offsite conference set-up, and in providing structures for telecommuter dial-in.

The Institute is MacIntosh-based; consequently it has no year-2000 problems. The other pluses associated with using MacIntosh are that this year, using the "net-booting" features of its iMacs, the Institute can accommodate the fluctuating schedules and the lack of desk space for its research assistants. Each research assistant will login at any available iMac and find his or her own work folder. The new G3s will facilitate the Institute's web broadcasting and multi-media treatment of Institute work for the web.

Strengthening Virtual Diplomacy

Bosnia, Kosovo, and East Timor will comprise the case studies for the next two year's Virtual Diplomacy Initiative. The Initiative recognizes the growing relevance of nonstate actors and the intensification and diversification of transnational contacts as facilitated by new information and communication technologies (ICTs). These technologies are also making possible new ways of managing current and potential international conflicts.

The Institute has approached the global transformation of international relations from both macro and micro vantage points. It will continue to so during FY2000 and FY2001.

The 1997 Virtual Diplomacy conference was an example of the "macro" perspective. In keeping with the conference's broad sweep of considerations, in FY2000 we will enlist the efforts of two scholars (either as fellows or through grants) to explore a series of case studies from across the globe that illustrate the diffusion of diplomacy among newly information "empowered" sectors and actors. Their respective research will result in two publishable monograph-sized documents. The content of these publications will be unified into the agenda for a single major conference in FY2001, which will track the changes in the international landscape since the 1997 conference.

As mentioned above, our micro examination will focus on how ICTs can improve coordination among actors before, during and after international conflicts or peace operations. Specifically we will continue our work to facilitate information sharing and coordination among the many different kinds of actors in the field. During FY2000 we expect to organize a series of workshops that will bring together practitioners, technicians, and policy experts to reach agreement about the constituents of a practical information strategy during complex humanitarian crises and international conflict. Workshops will attempt to tackle a single issue and offer workable recommendations for organizations to practice. We will vet the results of these workshops through a listserv and online posting of the recommendations. In FY2001, we will host a major conference during which the recommendations will be integrated into an "information strategy" that will contain the core elements for an employable information regime during each new operation.

MANAGEMENT AND ADMINISTRATION

(in thousands of dollars)

By Activity

	1999 Actual	2000 Estimate	2001 Estimate	Net Change 2000-2001
TOTAL	1,820	2,011	1,935	(76)

By Object Classification

	1999 Actual		2000 Estimate		2001 Estimate		Net Change 2000-2001	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel								
Full-time	9.02	713	9.82	762	10.10	803	0.29	41
Other	1.02	101	0.94	109	1.12	110	0.18	1
Benefits		159		182		196		14
Total	10.04	973	10.76	1,053	11.22	1,109	0.46	56
Travel								
Invitational		5		—		—		—
Other		43		54		49		(5)
Total		48		54		49		(5)
Office Rent		128		63		65		2
Trans. of Things		44		46		47		1
Other Rent/Comm.		2		14		3		(11)
Telephones		141		148		149		1
Postage		3		2		3		1
Printing		26		12		15		3
Other Services		355		414		388		(26)
Supplies		100		195		97		(98)
Furn. & Equip.		—		10		10		—
Grants		—		—		—		—
Total Other		799		904		777		(127)
TOTAL	10.04	1,820	10.76	2,011	11.22	1,935	0.46	(76)

MANAGEMENT AND ADMINISTRATION

Proportion of Institute Budget: The Institute seeks to assure that its expenses for management and administration are maintained at the minimal level necessary for the appropriate and effective use of public monies in fulfilling the Institute's Congressionally mandated charter. In so doing, it seeks to keep such expenses in reasonable proportion to the remainder of the budget:

- In FY 1989, FY 1990, and FY 1991, the percentage of the total budget devoted to these expenses remained at about 19 percent.
- In FY 1992 and FY 1993, the Institute reduced this level to approximately 15 percent.
- In FY 1994, the level increased to somewhat more than 17 percent, mainly due to the one-time costs of an overall management review.
- During FY 1995-1997, the level returned to about 15 percent.
- In FY 1998, the level was a little less than 16 percent (partly due to one time expenses related to move of offices).
- For FY 1999, the level was 14 percent, and for FY 2000 and FY 2001, we expect the level to be less than 14 percent.

New Headquarter Facility: The Institute is continuing to develop a permanent headquarters facility at 23rd Street and Constitution Avenue --with the costs of construction to be paid with private contributions. In past submission, the Institute noted that, if necessary, some of the Institute's miscellaneous receipts (i.e., from book sales and interest on investments) may be utilized for the expenses of developing the headquarters (such as architectural, legal and fundraising costs). During FY 1998 and FY 1999, the Institute increased its private fundraising activities and has been able to pay for all development expenses for the project from private contributions. The Institute remains prepared, however, to use some of its miscellaneous receipts to cover the costs of developing the building headquarters, if necessary. Staff and other expenses for the headquarters project are not included in this budget submission

The Institute has completed a boundary and topographic survey and soil borings for the building site. We have contracted with an architectural firm to develop an overall architectural program to be completed for the project during 2000. This program will then provide the basis for selecting a design team.

The Institute moved to new temporary leased space at the end of October 1998 and will remain there while the new building is being developed.

Resource Requirements
FISCAL YEAR 2001

	1999 FY 99 Budget Request	1999 Actual	2000 FY 00 Budget Request	2000 Estimate	2001 Estimate	Net Change
Compensable workyears--Full-time equivalent	64	59	67	66	73	6

Budget by Object Classification

	1999 Actual	2000 Estimate	2001 Estimate	Increase or Decrease
Personnel Compensation:				
Full-time permanent	3,453	4,087	4,497	410
Other than full-time permanent	253	157	138	(19)
Personnel benefits:				
Civilian	798	932	1,060	128
Public transportation subsidy	10	12	12	---
Total personnel	4,514	5,188	5,707	519
Travel and transportation of persons	961	1,186	1,376	190
Transportation of things	44	46	47	1
Rental payments to others:				
Office rent	1,050*	693	695	2
Communications, utilities, and other rent:				
Other Rent	45	6	3	(3)
Data Communications	53	42	17	(25)
Telephones	141	148	149	1
Postage	133	127	127	---
Total Communications, utilities, and other rent:	372	323	296	(27)
Printing and reproduction	458	473	506	33
Other services	1,507	2,029	1,980	(49)
Supplies and materials	346	363	257	(106)
Furniture and equipment	---	26	26	---
Grants, subsidies and contributions:				
Grants	2,800	3,010	3,225	215
Fellowships (Stipends)	838	750	940	190
Scholarships	65	62	65	3
Total grants, subsidies and contributions	3,703	3,822	4,230	408
TOTAL	12,955	14,149	15,120	971

* Includes 421 in expenses related to the Institute's move to and use of new space.

JUSTIFICATION STATEMENT BY OBJECT CLASSIFICATION

SUMMARY OF CHANGES

	FY 2000	FY 2001	Net Change
Appropriation	13,000	14,450	1,450
Rescission	*(49)*	-----	*49*
Adjusted Appropriation	12,951	14,450	1,499
Miscellaneous Income *(estimated)*	1,198	670	(528)
Total	14,149	15,120	971

PERSONNEL COMPENSATION -- **$4,635**

	FY 2000 Estimate	FY 2001 Estimate	Net Change
Full-Time Permanent	4,087	4,497	410
Other than Full-Time Permanent	157	138	(19)
TOTAL	4,244	4,635	391

The **$4,635** requested in FY 2001 for Personnel Compensation reflects the following compensation: (1) $4,497 for employees occupying full-time positions; and (2) $138 for other than-full employees which includes Board Members, part-time, and other short-term intermittent employees.

PERSONNEL BENEFITS -- **$1,072**

	FY 2000 Estimate	FY 2001 Estimate	Net Change
Benefits, Civilian	932	1,060	128
Public Transportation Subsidy	12	12	----
TOTAL	944	1,072	128

The **$1,072** requested for personnel benefits includes payments to the OPM Retirement Fund for employees covered under the Civil Service and FERS Retirement Systems, FICA and medicare payment, and life and health insurance payments for employees who elect such coverage. Also included are payments to private sector benefit carriers for retirement, health and life insurance coverage for employees hired after October 1, 1988 (Sec. 108(a) of P.L. 100-238).

The net **$519** increase requested for Personnel Compensation and Benefits reflects the following:

(1) Full-year funding for the projected new FTEs.

(2) Mandatory payroll increases for within-grade increases, projected promotions, and full-year effect of vacancies filled in FY 2000.

(3) Full-year effect of the 4.94 percent cost-of-living and locality increases effective January 2000.

(4) Anticipated 4.3 percent cost-of-living and locality increases for FY 2001.

(5) Mandatory retirement contributions as required by the Federal Employees Retirement Act of 1986 (FERS), wherein agencies will finance all retirement costs.

(6) Increased costs of in private sector benefits--annuity program, health and life insurance plans.

TRAVEL AND TRANSPORTATION OF PERSONS--**$1,376**

	FY 2000 Estimate	FY 2001 Estimate	Net Change
TOTAL	1,186	1,376	190

The **$1,376** requested for Travel and Transportation of Persons includes: (1) travel costs associated with private individuals' participation in the Institute's program-related workshops, conferences, international training programs, and other public events; for example, travel to Washington, DC by National Peace Essay Contest winners for participation in the awards ceremony; (2) project-related travel performed by the Jennings Randolph Fellows; (3) travel performed by the Institute staff for Institute-related activities; (4) travel by the Institute's Board Members to attend board meetings, Institute workshops and conferences, and other special public events sponsored by the Institute; and (5) reimbursement for local transportation in the metropolitan area.

The Institute's Special Balkans Program and increasing activities "on the ground" in zones of conflict have increased its international travel activities.

TRANSPORTATION OF THINGS -- **$43**

	FY 2000 Estimate	FY 2001 Estimate	Net Change
TOTAL	46	47	1

The **$47** requested covers the usage of Federal Express, United Parcel Service (UPS), and other commercial courier services and transportation companies.

RENTAL PAYMENTS TO OTHERS -- $698

	FY 2000 Estimate	FY 2001 Estimate	Net Change
Office Rent	693	695	2
Other Rent	6	3	(3)
TOTAL	699	698	(1)

The **$698** requested for Rental Payments to Others includes the following: (1) annual rental for current office space and (2) rental of conference facilities for public functions. The Institute has more conference facilities at its new location which has resulted in a slight decrease in other rent.

COMMUNICATIONS, UTILITIES, AND MISCELLANEOUS CHARGES -- $293

	FY 2000 Estimate	FY 2001 Estimate	Net Change
Telephones	148	149	1
Data Communications	42	17	(25)
Postage	127	127	---
TOTAL	317	293	(24)

PRINTING AND REPRODUCTION -- $506

	FY 2000 Estimate	FY 2001 Estimate	Net Change
Program Printing	464	491	27
Miscellaneous Printing (non-program)	9	1	6
TOTAL	473	506	33

Program printing estimates include the following major printing activities:

(1) **Grant Program** -- Books and monographs of grant projects, departmental brochures and application forms.

(2) **Jennings Randolph Fellowship Program** -- Books, monographs, and papers from fellowship projects, program brochures, and fellowship applications and materials.

(3) **Research and Studies Program** -- Books, monographs, occasional papers, study group reports, and miscellaneous departmental materials.

(4) **Education and Training** – Promotional and curriculum materials for the National Peace Essay Contest, Teacher Summer Institutes, and Faculty Seminars.

(5) **Publications** -- Periodicals (*Peace Watch and Special Reports),* corporate and departmental materials.

(6) **Communications** – Public outreach and departmental materials. departmental materials.

(7) **Religion, Ethics, and Human Rights** -- Project reports.

(8) **Rule of Law Initiative** -- Directories, anthology, reports, and monographs.

Miscellaneous printing includes printing in the "Federal Register", offset printing, and printing of office stationery.

OTHER SERVICES -- **$1,980**

	FY 2000 Estimate	FY 2001 Estimate	Net Change
Program	1,615	1,592	(23)
General (non-program)	414	388	(26)
GRAND TOTAL	2,029	1,980	(49)

Program-related Other Services includes the following: (1) National Peace Essay Contest support services; (2) editorial and mail house services; (3) services to provide research support to fellows; (4) services by grant and fellowship panelists and reviewers and conference participants; and (5) miscellaneous project-related expenses such as translation and transcription services.

General contracting covers the mandated annual financial audit, reimbursable accounting and personnel/payroll services with the General Services Administration (GSA), legal services, equipment maintenance agreements, and miscellaneous contracting.

SUPPLIES AND MATERIALS -- **$257**

	FY 2000 Estimate	FY 2001 Estimate	Net Change
TOTAL	363	257	(106)

The **$257** requested for supplies and materials covers periodical subscriptions, specialized computer software and supplies, and general office and operating supplies.

FURNITURE AND EQUIPMENT -- **$26**

	FY 2000 Estimate	FY 2001 Estimate	Net Change
Equipment	10	10	---
Library Acquisitions (Books)	16	16	---
TOTAL	26	26	---

The **$26** requested for FY 2001 will be used for the purchase of library materials and the upgrading of computers.

GRANTS, SUBSIDIES AND CONTRIBUTIONS -- **$4,230**

	FY 2000 Estimate	FY 2001 Estimate	Net Change
Grants	3,010	3,225	215
Jennings Randolph Fellowships	750	940	190
Scholarships (National Peace Essay Contest)	62	65	3
TOTAL	3,822	4,230	408

$3,225 of the **$4,230** requested for Grants, Subsidies, and Contributions will be used for solicited and unsolicited grants. Grants are made for the following categories: research and studies, education and training, and library and information services.

The **$940** requested for the Jennings Randolph Fellowship Program will support 13 Senior and Guest Fellows and 10 Peace Scholars.

The **$65** requested for scholarships represents award payments for the annual National Peace Essay Contest winners.

UNITED STATES INSTITUTE OF PEACE

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UNITED STATES INSTITUTE OF PEACE

BOARD OF DIRECTORS

(As of February, 2000)

The United States Institute of Peace Act vests the powers of the corporation in a fifteen-member Board of Directors. Eleven members of the Board are drawn from outside of federal service and are appointed by the President, with the advice and consent of the Senate, to four-year terms. They may serve beyond the expiration of their terms until they are replaced. An individual may be appointed to no more than two terms.

Four members of the Board serve ex officio. They are the Secretaries of State and Defense and the Director of the Arms Control and Disarmament Agency (these officers may designate another person from their department or agency who has been appointed with the advice and consent of the Senate) and the President of the National Defense University or, if he so designates, the Vice President. No more than eight of the fifteen voting members of the Board may be of the same political party. The President of the United States Institute of Peace is a nonvoting member of the Board.

Chairman

Chester A. Crocker was elected Chairman of the Board of Directors in September 1992. He is research professor of diplomacy at the Georgetown University School of Foreign Service. In 1989 and 1990, Dr. Crocker was a distinguished fellow at the Institute's Jennings Randolph Program for International Peace. While there, he began preparation of a book, *High Noon in Southern Africa: Making Peace in a Rough Neighborhood* (Norton, 1992), focusing on the U.S. role in conflict resolution in the 1980s. From 1981-1989, Dr. Crocker was assistant secretary of state for African Affairs. He was the principal diplomatic architect and mediator in the prolonged negotiations among Angola, Cuba, and South Africa which led to the deployment of UN peacekeeping forces and election observers during Namibia's transition to democratic governance and independence, and to the withdrawal of Cuban forces from Angola. He received the Presidential Citizens Medal in 1989. Prior to joining the Georgetown faculty in 1972, Dr. Crocker was a staff member at the National Security Council. He has written numerous articles for foreign policy journals and is the coeditor of South Africa into the 1980s. He earned a Ph.D. in international politics and African studies from the Johns Hopkins School of Advanced International Studies.

Vice Chairman

Max M. Kampelman was elected Vice Chairman of the Board of Directors in September 1992. He was counselor of the Department of State and ambassador and head of U.S. delegation to the negotiations on nuclear and space arms in Geneva, before returning in January 1989 to the law firm of Fried, Frank, Harris, Shriver & Jacobson as a Washington-based partner. Ambassador Kampelman serves today as chairman of the board of governors of the United Nations Association and chairman of the Jerusalem Foundation. He is former chairman of Freedom House. Past government appointments include head of U.S. delegation with rank of ambassador to the Conference on Security and Cooperation in Europe, both in Madrid from 1980-83 and to subsequent CSCE conferences in Copenhagen, Geneva, and Moscow. An educator, Ambassador Kampelman received a J.D. from New York University and a Ph.D. from the University of Minnesota where he taught from 1946-48. He also served on the faculties of Bennington College, Claremont College, the University of Wisconsin, and Howard University. Ambassador Kampelman was founder and moderator of the public

affairs program Washington Week in Review, and received the Presidential Citizens Medal from President Reagan in 1989. His book, *Entering New Worlds: The Memoirs of a Private Man in Public Life*, was published by HarperCollins in 1991.

Members

Dennis L. Bark is senior fellow of the Hoover Institution on War, Revolution and Peace at Stanford University. Dr. Bark received his undergraduate training at Stanford and his Ph.D. in modern European history and political science *summa cum laude* from the Free University of Berlin. Recipient of a number of fellowships, he has been a member of the President's Commission on White House Fellowships and chairman of the United States Coast Guard Academy Advisory Committee. Dr. Bark is the author or editor of several books, including *Agreement on Berlin: A Study of the 1970-72 Quadripartite Negotiations; To Promote Peace: U.S. Foreign Policy in the Mid-1980s*; and (with Annelise Anderson) *Thinking About America: The United States in the 1990s*. In addition, Dr. Bark is co-author with David R. Gress of *A History of West Germany: Vol. 1, From Shadow to Substance, 1945-1963; Vol. 2, Democracy and Its Discontents, 1963-1991*.

Stephen J. Hadley, Esq., is a partner in the Washington, DC law firm of Shea & Gardner and a principal in the Scowcroft Group, Inc., an international consulting firm. Mr. Hadley served as the assistant secretary of defense for international security policy in 1989-1993. In that position, he was responsible for policy toward NATO and Western Europe on nuclear weapons and ballistic missile defense, and arms control. He also participated in policy issues involving export control and the use of space. Mr. Hadley served as Secretary of Defense Cheney's representative in talks with the former Soviet Republics on political/military issues, including talks that resulted in the START I and II Treaties. Previously, he served in a variety of other capacities in the defense and national security field, including serving in 1986-87 as counsel to the special review board established by President Reagan to inquire into U.S. arms sales to Iran (The Tower Commission), in 1974-77 as a member of the National Security Council staff under President Ford, and in 1972-74 as an analyst for the comptroller of the Department of Defense. Mr. Hadley is a member of the Department of Defense Policy Board, the National Security Advisory Panel to the Director of Central Intelligence, and the board of trustees of Analytical Services, Inc. (ANSER). Mr. Hadley received a BA degree from Cornell University and a law degree from Yale Law School.

Theodore M. Hesburgh, C.S.C., is president emeritus of the University of Notre Dame, where he was president for 35 years, from 1952 to 1987, the longest tenure among active presidents of American institutions of higher learning. Among his accomplishments at Notre Dame was the establishment of the Institute for International Peace Studies, whose advisory committee he chairs. Father Hesburgh has held 14 presidential appointments relating to civil and human rights, Vietnam War objectors, atomic energy, Third World development, and immigration reform. In 1957, he became a charter member of the U.S. Civil Rights Commission and he was its chairman from 1969-1972. As ambassador to the 1979 U.N. Conference on Science and Technology for Development, he was the first Catholic priest to serve in a formal diplomatic role for the U.S. government.

Zalmay M. Khalilzad, holds the Corporate Chair in International Security Studies at RAND and is the Director for Strategy and Doctrine Program of RAND's Project AIR FORCE. He was assistant deputy under secretary of defense for policy planning in 1991-92. In that position, he was responsible for the department's long-range planning and advised the secretary of defense, the under secretary for policy, and other senior defense officials on the full range of issues affecting U.S. defense policy and strategy. Dr. Khalilzad helped shape the Bush administration's regional defense strategy for the post-Cold War era, and guided the drafting of the Defense Department's report *Conduct of the Persian War*. For his services in the department, the secretary of defense awarded him the department's Medal for Outstanding Public Service. Dr, Khalilzad has extensive experience in international security affairs as a scholar and as a government official. In the mid1980s, he served as a member of the State Department's Policy Planning Staff, and then as special adviser to the under secretary of state for political affairs. As an academic, he has held appointments at Columbia University, where he was also a member of the Institute for War and Peace Studies, and at the University of California at San Diego. He is the author of several books and more than 70 articles and research bulletins on security issues. Dr. Khalilzad is a member of the Council on Foreign

Relations and the International Institute for Strategic Studies. He holds a doctorate from the University of Chicago.

Seymour Martin Lipset is the Hazel Professor of Public Policy at the Institute of Public Policy, George Mason University and a senior fellow at the Hoover Institution. In addition, he is a senior scholar of the Progressive Policy Institute and the Woodrow Wilson Center for International Scholars. He also has held positions at Stanford and Harvard Universities. His major work is in the fields of political sociology, trade union organization, social stratification, public opinion and the sociology of intellectual life. Professor Lipset has received the MacIver prize for his book *Political Man* and the Gunner Myrdal prize for *The Politics of Unreason*. He has also received the Townsend Harris and Margaret Byrd Dawson medals for significant achievement, the Northern Telecom-International Council for Canadian Studies Gold Medal and the Leon Epstein Prize in Comparative Politics of the American Political Science Association. He received his higher education at the City College of New York and at Columbia University and is the author or co-author of 23 books or monographs.

W. Scott Thompson is professor of international politics at the Fletcher School of Law and Diplomacy at Tufts University. A Rhodes Scholar and a graduate of Stanford and Oxford Universities, Dr. Thompson has been a White House Fellow, an assistant to the secretary of defense, and an associate director of the United States Information Agency. He is the author or editor of numerous books and articles on foreign policy; a founding member of the board of the Committee on the Present Danger; a member of the Council on Foreign Relations and the International Institute for Strategic Studies; and a member of the board of the Institute for Strategic Trade.

Allen Weinstein is founder and president of The Center for Democracy. He was professor of history for a number of years at Smith College, Georgetown University and Boston University, among other institutions. Most recently, he served as distinguished visiting professor at Florida International University (Miami) in Spring 1992. In 1986, Professor Weinstein was awarded the United Nations Peace Medal for his work in promoting a peaceful political transition in the Philippines and peaceful resolution of the conflict in El Salvador. In 1990 he received the Council of Europe's Silver Medal for efforts related to assisting democratization in Europe and Latin America. Previously he was project director of the group which created the National Endowment for Democracy and became its acting president, and later president of the Center for the Study of Democratic Institutions. He was also a member of the editorial board of *The Washington Post* and editor of *The Washington Quarterly* and *The Center Magazine*. A prize-winning historian, Professor Weinstein is the author of many books, including *Perjury: The Hiss-Chambers Case; Freedom and Crisis: An American History;* and *Between the Wars: American Foreign Policy from Versailles to Pearl Harbor.*

Harriet Zimmerman was confirmed on May 8 1995 by the U.S. Senate as a member of the Institute's Board of Directors. She is vice president of the American-Israeli Public Affairs Committee and a member of the Southern Center for International Studies in Atlanta, GA. She also serves on the board of advisors of the Democratic Leadership Council (1985-present). As a member of the American Jewish Joint Distribution Committee (1984-present), she co-chairs the International Development Committee and has served as chair of the Africa-Asia Subcommittee and co-chair of the Commonwealth of Independent States Committee. In 1986 Zimmerman was appointed to the Commission on the Future of the South by then Arkansas Governor Bill Clinton. From 1979 to 1985, she served on the board of advisors of the Center for Strategic and International Studies at Georgetown University. From 1978 to 1984 she was a member of the National Endowment for the Humanities. Zimmerman was a doctoral candidate in the Old Testament at Harvard University, 1972-74. She received her M.A. from Boston University.

Ex Officio Members

Department of Defense

Walter B. Slocombe is under secretary of defense for policy. He was named by the Secretary of Defense to serve on the Institute Board. Previously, he served as deputy under secretary of defense for policy planning and as principal deputy assistant secretary of defense for international security affairs, in the Carter Administration. In both positions, he served concurrently as director of the Department of Defense SALT task force. Immediately prior to joining the Clinton Administration, Mr. Slocombe had been affiliated with

Caplin & Drysdale, Chartered, a Washington, D.C. law firm. In 1970-71, he was a research associate at the International Institute for Strategic Studies in London and prior to that he was a member of the program analysis office of the National Security Council staff. The author of several papers and articles on strategic issues, Mr. Slocombe has served as a consultant to the RAND Corporation and the Strategic Air Command Technical Advisory Committee, and is a member of the advisory councils of the Center for Strategic and International Studies and the Woodrow Wilson School of Public and International Affairs at Princeton University. He holds degrees from Princeton University and Harvard Law School, and did graduate work at Balliol College, Oxford, where he was a Rhodes Scholar.

Department of State

J. Stapleton Roy assumed the position of assistant secretary of state for intelligence and research in November 1999. Since joining the Foreign Service in 1956, he has held three ambassadorial posts: to Indonesia in 1996-99, to the People's Republic of China in 1991-95, and to Singapore in 1984. In 1986 he served as deputy assistant secretary for East Asian and Pacific affairs, following which he served two years as executive secretary of the State Department and special assistant to the secretary of state. Before that, he was deputy chief of mission in Bangkok, Thailand, and in the People's Republic of China mission when the United States established diplomatic relations with China in 1979. He became deputy director of the Office of Chinese and Mongolian Affairs in 1975. Earlier in his career, he served in Thailand, Hong Kong, Taiwan and Moscow. Roy received a bachelor's degree from Princeton University in 1956 and spent one year in postgraduate studies at the University of Washington in Seattle in 1964-65.

National Defense University

Daniel H. Simpson assumed his duties as Vice President of the National Defense University on August 3, 1998 and as Deputy to the President, Lieutenant General Chilcoat. He is a career Foreign Service Officer and has served as Ambassador three times – to the Central African Republic, Somalia, and, most recently, to the Democratic Republic of the Congo. He also served in Burundi, South Africa, Bulgaria, Iceland, and Lebanon. From 1993-94, he was the Deputy Commandant for International Affairs of the U.S. Army War College. In 1995, Secretary of Defense William Perry awarded him the Distinguished Service Medal for his work in cooperation with U.S. forces in Sumalia. A native of Bellaire, Ohio and a graduate of Yale University and Northwestern University's African Studies Program, Simpson began his career as a teacher in a Nigerian high school. After an assignment as a teacher to the Libyan Army Military College, he joined the State Department in 1966.

United States Institute of Peace (nonvoting)

Richard H. Solomon has been president of the Institute since September 1993. As assistant secretary of state for East Asian and Pacific Affairs from 1989-92, he negotiated the first UN "Permanent Five" peacemaking agreement for Cambodia, had a leading role in the dialogue on nuclear issues among the United States and South and North Korea, helped establish the Asia-Pacific Economic Cooperation (APEC) initiative, and led U.S. negotiations with Japan, Mongolia, and Vietnam on important bilateral matters. From 1992-93, Solomon served as U.S. ambassador to the Philippines. In that capacity, he coordinated the closure of the U.S. naval bases and developed a new framework for bilateral and regional security cooperation. Solomon previously served as director of policy planning at the Department of State (1986-89) and senior staff member of the National Security Council (1971-76), where he was involved in the process of normalizing relations with the People's Republic of China. From 1976 to 1986, he was head of the social science department at the RAND Corporation. In 1995, Solomon was awarded the State Department's Foreign Affairs Award for Public Service for his role in obtaining international agreement for—and fostering implementation of—the UN peace plan for Cambodia. He holds a Ph.D. in political science from the Massachusetts Institute of Technology.

UNITED STATES INSTITUTE OF PEACE

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SENIOR STAFF

Pamela R. Aall is director of the education program of the U.S. Institute of Peace and was acting director of the Education and Training Program from September 1997 to April 1999. Prior to joining the Institute in 1993, she was a consultant to the President's Committee on the Arts and the Humanities and the Institute of International Education and held a number of positions at The Rockefeller Foundation. She has also worked for the European Cultural Foundation in Amsterdam and Brussels, the International Council for Educational Development (New York) and the New York Botanical Garden. With Chester A. Crocker and Fen Osler Hampson, she edited Managing Global Chaos: Sources of and Responses to International Conflict (1996), and the forthcoming Herding Cats: Multiparty Mediation in a Complex World. With Thomas G. Weiss and Lt. Col. Daniel Miltenberger, she is also co-author of the forthcoming Pocket Guide to the Military, NGOs, and IGOs: A Handbook for Practitioners. She holds a B.A. from Harvard University and M.A. from Columbia University and conducted post-graduate research at the London School of Economics on political and economic integration in Scandinavia and Europe.

Sheryl J. Brown is director of the office of communications. She came to the Institute after serving from 1988 to 1989 as deputy associate director of Boston University's Institute for Democratic Communication (based in Washington, D.C.). Prior to that, she was a fellow at the Institute for Philosophic Studies at the University of Dallas (1973–1985), and director of the library at the Northwood Institute in Texas (1979–1981). Dr. Brown has written and edited various publications on foreign and public policy issues, philosophy, and literature, and was coeditor of *Resolving Third World Conflicts: Challenges for a New Era*, published by the Institute in 1992. Since 1991, she has been an instructor of classical Greek history at Georgetown University. Dr. Brown holds a double doctorate in political philosophy and Western literature from the University of Dallas.

Bernice J. Carney is director of administration. She brings to her position more than 30 years of experience with agencies of the federal government. For 16 years, Ms. Carney served on the staff of the President's Council on Environmental Quality, where her last position was chief administrative officer.

Patrick M. Cronin is director of research and studies, responsible for short- and long-term projects aimed at understanding the underlying sources of conflict, the instruments of diplomacy and negotiation, and strategies for strengthening international cooperation and peace. Previously, Dr. Cronin was the Director of Research at the National Defense University's Institute for National Strategic Studies, where he also served as the Institute Deputy Director and directed its Asian-Pacific research. Dr. Cronin's latest major publication is a Council on Foreign Relations book, *The U.S.-Japan Security Alliance: Past, Present and Future*, which he co-authored and co-edited. Dr. Cronin has taught at the Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, and the University of Virginia. He holds M.Phil. and D.Phil. degrees in International Relations from the University of Oxford, England.

Harriet Hentges is executive vice president. She has over fifteen years of senior management experience in key positions in business, government and non-profit organizations. Prior to coming to the Institute, Dr. Hentges was chief operating officer and managing partner at the Clifton Investment Group. From 1986 to 1988, she was chief operating officer at the Baskin Financial Corporation. She also served as the executive director of the League of Women Voters of the United States for five years, and as an international economist on the policy planning staff at the U.S. Department of State. Dr. Hentges received a Ph.D. in international economics from The Johns Hopkins University.

Joseph Klaits is director of the Jennings Randolph fellowship program. Prior to joining the Institute, he was professor of history of Oakland University (Michigan) from 1969 to 1991. Dr. Klaits is coeditor of *The Global Ramifications of the French Revolution* (1994) and *Liberty/Liberté: The American and French Experiences* (1991), and author of numerous other works. Dr. Klaits has received fellowships from the American Council of Learned Societies, the National Endowment for the Humanities, and the Folger Shakespeare Library. He also served as academic advisor to the European Fulbright program, visiting associate professor at The Catholic University of America, and consultant to the West European program at the Woodrow Wilson International Center for Scholars. Dr. Klaits holds a Ph.D. from the University of Minnesota.

Neil J. Kritz is director of the rule of law program. Before coming to the Institute, Mr. Kritz served as special assistant to the chairman of the Administrative Conference of the United States. He has been involved in the CSCE process for fifteen years, recently focusing on the development of CSCE principles on the rule of law. He received his J.D. from American University.

Charles E. Nelson is vice president for management and finance and coordinator of Institute activities on Latin America. Mr. Nelson previously served as vice president of an American export trading company conducting business with Latin America. Previously, he was an executive in the RAND Corporation's housing and civil justice programs. He also worked as a lawyer, manager, and senior administrator in the United States Agency for International Development and in a private consulting firm on economic and social development programs in the Middle East, Africa and Latin America. Mr. Nelson holds a B.A. and an LL.B. from Harvard University; studied at the London School of Economics under a Frank Knox Memorial Fellowship from Harvard; and is a graduate of the National War College.

Daniel Serwer is director of the Balkans Initiative. Formerly a senior fellow at the Institute working on Balkans regional security, especially Serbia, he was until 1998 a minister-counselor at the United States Department of State, where he won six performance awards. The State Department's director of European and Canadian analysis in 1996–97, he served in 1994-96 as U.S. special envoy and coordinator for the Bosnian Federation. He was deputy chief of mission and charge d'affaires at the U.S. Embassy in Rome in 1990–93. Co-author of recent Institute publications on Serbia, Kosovo, Montenegro, and Croatia, Dr. Serwer received his Ph.D. from Princeton University.

David R. Smock is director of the grant program. Dr. Smock was a staff member of the Ford Foundation from 1964 to 1980, serving in Nigeria, Ghana, Kenya, and Lebanon, as well as in New York. From 1975 to 1980, he served as director of the South African Education Program, a scholarship program that brings black South African students to U.S. universities. During that time he was also vice president for program development and research for the Institute of International Education in New York. From 1986 to 1989 he was executive associate to the president of the United Church of Christ, after which he became executive director of International Voluntary Services, supervising development projects in Africa, Asia, and Latin America. Dr. Smock is editor of *Making War and Waging Peace: Foreign Intervention in Africa* (1993) and author of *Religious Perspectives on War: Christian, Muslim, and Jewish Attitudes Toward Force After the Gulf War*. He received a Ph.D. in anthropology from Cornell University and holds an M.Div. from New York Theological Seminary.

Daniel R. Snodderly is director of publications. He joined the Institute in 1990, with primary responsibility for development of the book program. Previously he worked as an editor at Encyclopaedia Britannica, Cornell University Press, and the Ithaca College Office of Public Information. The author of numerous articles and one book, he holds a B.A. degree in history from Harvard University.

Richard Solomon has been president of the Institute since September 1993. As assistant secretary of state for East Asian and Pacific Affairs from 1989-92, he negotiated the first UN "Permanent Five" peacemaking agreement for Cambodia, had a leading role in the dialogue on nuclear issues among the United States and South and North Korea, helped establish the Asia-Pacific Economic Cooperation (APEC) initiative, and led U.S. negotiations with Japan, Mongolia, and Vietnam on important bilateral matters. From 1992-93, Solomon served as U.S. ambassador to the Philippines. In that capacity, he

coordinated the closure of the U.S. naval bases and developed a new framework for bilateral and regional security cooperation. Solomon previously served as director of policy planning at the Department of State (1986-89) and senior staff member of the National Security Council (1971-76), where he was involved in the process of normalizing relations with the People's Republic of China. From 1976 to 1986, he was head of the social science department at the RAND Corporation. In 1995, Solomon was awarded the State Department's Foreign Affairs Award for Public Service for his role in obtaining international agreement for—and fostering implementation of—the UN peace plan for Cambodia. He holds a Ph.D. in political science from the Massachusetts Institute of Technology.

Margarita S. Studemeister is director of the Jeannette Rankin library program. Previously, she was the director of publications at the National Security Archive, a non-profit library, publishing and research organization for declassified government documents, and a consultant to the World Bank. Ms. Studemeister has over twenty years of experience in academic, public, and special libraries, and most recently, with information technology projects. She holds M.A.'s in library and information science, and social science with an emphasis in Latin American Studies, from the University of California at Berkeley and San Francisco State University, respectively. She has taught computer programming and database searching at the college level and for international institutions.

George F. Ward, Jr. is director of the training program. He came to the Institute from a 30 year career in the U.S. Foreign Service, which culminated in a tour as U.S. ambassador to the Republic of Namibia. Prior to his assignment to Namibia, he was principal deputy assistant secretary of state for international organizational affairs from 1992 to 1996. In that role, he participated in the formulation and implementation of U.S. policy on multilateral peacekeeping. As deputy chief of mission at the American Embassy in Bonn, Germany from 1989 to 1992, Ward served as a lead negotiator in the talks that led to German unification. He was awarded the Department of State's highest decoration, the Distinguished Honor Award, for his service in Germany. Prior to entering the Foreign Service, he was an officer in the U.S. Marine Corps. He has received numerous civilian awards for diplomatic service and military decorations for combat service in Vietnam. Ward received a Bachelor of Arts degree in history from the University of Rochester and an M.P.A. degree with a concentration in systems analysis from Harvard University.

Appendix C

THE UNITED STATES INSTITUTE OF PEACE ACT

Title XVII of the Defense Authorization Act of 1985, Public Law No. 98-525 (Oct. 19, 1984), 98 Stat. 2492, 2649, 22 U.S.C. 4601-4611, as amended.

SHORT TITLE

Sec. 1701. This title may be cited as the "United States Institute of Peace Act".

DECLARATION OF FINDINGS AND PURPOSES

Section 1702. (a) The Congress finds and declares that—

(1) a living institution embodying the heritage, ideals, and concerns of the American people for peace would be a significant response to the deep public need for the Nation to develop fully a range of effective options, in addition to armed capacity, that can leash international violence and manage international conflict;

(2) people throughout the world are fearful of nuclear war, are divided by war and threats of war, are experiencing social and cultural hostilities from rapid international change and real and perceived conflicts over interests, and are diverted from peace by the lack of problem-solving skills for dealing with such conflicts;

(3) many potentially destructive conflicts among nations and peoples have been resolved constructively and with cost efficiency at the international, national, and community levels through proper use of such techniques as negotiation, conciliation, mediation, and arbitration;

(4) there is a national need to examine the disciplines in the social, behavioral, and physical sciences and the arts and humanities with regard to the history, nature, elements, and future of peace processes, and to bring together and develop new and tested techniques to promote peaceful economic, political, social, and cultural relations in the world;

(5) existing institutions providing programs in international affairs, diplomacy, conflict resolution, and peace studies are essential to further development of techniques to promote peaceful resolution of international conflict, and the peacemaking activities of people in such institutions, government, private enterprise, and voluntary associations can be strengthened by a national institution devoted to international peace research, education and training, and information services;

(6) there is a need for Federal leadership to expand and support the existing international peace and conflict resolution efforts of the Nation and to develop new comprehensive peace education and training programs, basic and applied research projects, and programs providing peace information;

(7) the Commission on Proposals for the National Academy of Peace and Conflict Resolution, created by the Education Amendments of 1978, recommended establishing an

academy as a highly desirable investment to further the Nation's interest in promoting international peace;

(8) an institute strengthening and symbolizing the fruitful relation between the world of learning and the world of public affairs, would be the most efficient and immediate means for the Nation to enlarge its capacity to promote the peaceful resolution of international conflicts; and

(9) the establishment of such an institute is an appropriate investment by the people of this Nation to advance the history, science, art, and practice of international peace and the resolution of conflicts among nations without the use of violence.

(b) It is the purpose of this title to establish an independent, nonprofit, national institute to serve the people and the Government through the widest possible range of education and training, basic and applied research opportunities, and peace information services on the means to promote international peace and the resolution of conflicts among the nations and peoples of the world without recourse to violence.

DEFINITIONS

Sec. 1703. As used in this title, the term—

(1) "Institute" means the United States Institute of Peace established by this title; and
(2) "Board" means the Board of Directors of the Institute.

ESTABLISHMENT OF THE INSTITUTE

Sec. 1704. (a) There is hereby established the United States Institute of Peace.

(b) The Institute is an independent nonprofit corporation and an organization described in section 170(c)(2)(B) of the Internal Revenue Code of 1954. The Institute does not have the power to issue any shares of stock or to declare or pay any dividends.

(c) As determined by the Board, the Institute may establish, under the laws of the District of Columbia, a legal entity which is capable of receiving, holding, and investing public funds for purposes in furtherance of the Institute under this title. The Institute may designate such legal entity as the "Endowment of the United States Institute of Peace".

(d) The Institute is liable for the acts of its directors, officers, employees, and agents when acting within the scope of their authority.

(e) (1) The Institute has the sole and exclusive right to use and to allow or refuse others to use the terms "United States Institute of Peace", "Jennings Randolph Program for International Peace", "Spark M. Matsunaga Medal of Peace", and "Endowment of the United States Institute of Peace" and the use of any official United States Institute of Peace emblem, badge, seal, and other mark or recognition or any colorable simulation thereof. No powers or privileges hereby granted shall interfere or conflict with established or vested rights secured as of September 1, 1981.

(2) Notwithstanding any other provision of this title, the Institute may use "United States" or "U.S." or any other reference to the United States Government or Nation in its title or in its corporate seal, emblem, badge, or other mark of recognition or colorable simulation

thereof in any fiscal year only if there is an authorization of appropriations for the Institute for such fiscal year provided by law.

POWERS AND DUTIES

Sec. 1705. (a) The Institute may exercise the powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act consistent with this title, except for section 5(o) of the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29-1005(o)).

(b) The Institute, acting through the Board, may—

(1) establish a Jennings Randolph Program for International Peace and appoint, for periods up to two years, scholars and leaders in peace from the United States and abroad to pursue scholarly inquiry and other appropriate forms of communication on international peace and conflict resolution and, as appropriate, provide stipends, grants, fellowships, and other support to the leaders and scholars;

(2) enter into formal and informal relationships with other institutions, public and private, for purposes not inconsistent with this title;

(3) establish a Jeannette Rankin Research Program on Peace to conduct research and make studies, particularly of an interdisciplinary or of a multi-disciplinary nature, into the causes of war and other international conflicts and the elements of peace among the nations and peoples of the world, including peace theories, methods, techniques, programs, and systems, and into the experiences of the United States and other nations in resolving conflicts with justice and dignity and without violence as they pertain to the advancement of international peace and conflict resolution, placing particular emphasis on realistic approaches to past successes and failures in the quest for peace and arms control and utilizing to the maximum extent possible United States Government documents and classified materials from the Department of State, the Department of Defense, the Arms Control and Disarmament Agency, and the intelligence community;

(4) develop programs to make international peace and conflict resolution research, education, and training more available and useful to persons in government, private enterprise, and voluntary associations, including the creation of handbooks and other practical materials;

(5) provide, promote, and support peace education and research programs at graduate and postgraduate levels;

(6) conduct training, symposia, and continuing education programs for practitioners, policymakers, policy implementers, and citizens and non citizens directed to developing their skills in international peace and conflict resolution;

(7) develop, for publication or other public communication, and disseminate, the carefully selected products of the Institute;

(8) establish a clearinghouse and other means for disseminating information, including classified information that is properly safeguarded, from the field of peace learning to the public and to government personnel with appropriate security clearances;

(9) secure directly, upon request of the president of the Institute to the head of any Federal department or agency and in accordance with section 552 of title 5, United States Code (relating to freedom of information), information necessary to enable the Institute to carry out the purposes of this title if such release of the information would not unduly interfere with the proper function of a department or agency, including classified information if the Institute staff and members of the Board who have access to such classified information obtain appropriate security clearances from the Department of Defense and the Department of State; and

(10) establish the Spark M. Matsunaga Scholars Program, which shall include the provision of scholarships and educational programs in international peace and conflict

management and related fields for outstanding secondary school students and the provision of scholarships to outstanding undergraduate students, with program participants and recipients of such scholarships to be known as "Spark M. Matsunaga Scholars".

(c)(1)(A) The Institute, acting through the Board, may each year make an award to such person or persons who it determines have contributed in extraordinarily ways to peace among the nations and peoples of the world, giving special attention to contributions that advance society's knowledge and skill in peacemaking and conflict management. The award shall include the public presentation to such person or persons of the Spark M. Matsunaga Medal of Peace and a cash award in an amount of not to exceed $25,000 for any recipient.

(B)(i) The Secretary of the Treasury shall strike the Spark M. Matsunaga Medal of Peace with suitable emblems, devices, and inscriptions which capture the goals for which the Medal is presented. The design of the medals shall be determined by the Secretary of the Treasury in consultation with the Board and the Commission of Fine Arts.

(ii) The Spark M. Matsunaga Medal of Peace shall be struck in bronze and in the size determined by the Secretary of the Treasury in consultation with the Board.

(iii) The appropriate account of the Treasury of the United States shall be reimbursed for costs incurred in carrying out this subparagraph out of funds appropriated pursuant to section 1710(a)(1).

(2) The Board shall establish an advisory panel composed of persons eminent in peacemaking, diplomacy, public affairs, and scholarship, and such advisory panel shall advise the Board during its consideration of the selection of the recipient of the award.

(3) The Institute shall inform the Committee on Foreign Relations and the Committee on Labor and Human Resources of the Senate and the Committee on Foreign Affairs and the Committee on Education and Labor of the House of Representatives about the selection procedures it intends to follow, together with any other matters relevant to making the award and emphasizing its prominence and significance.

(d) The Institute may undertake extension and outreach activities under this title by making grants and entering into contracts with institutions of postsecondary, community, secondary, and elementary education (including combinations of such institutions), with public and private educational, training, or research institutions (including the American Federation of Labor-the Congress of Industrial Organizations) and libraries, and with public departments and agencies (including State and territorial departments of education and of commerce). No grant may be made to an institution unless it is a nonprofit or official public institution, and at least one-fourth of the Institute's annual appropriations shall be paid to such nonprofit and official public institutions. A grant or contract may be made to—

(1) initiate, strengthen, and support basic and applied research on international peace and conflict resolution;

(2) promote and advance the study of international peace and conflict resolution by educational, training, and research institutions, department, and agencies;

(3) educate the Nation about and educate and train individuals in peace and conflict resolution theories, methods, techniques, programs, and systems;

(4) assist the Institute in its publication, clearinghouse, and other information services programs;

(5) assist the Institute in the study of conflict resolution between free trade unions and Communist-dominated organizations in the context of the global struggle for the protection of human rights; and

(6) promote the other purposes of this title.

(e) The Institute may respond to the request of a department or agency of the United States Government to investigate, examine, study, and report on any issue within the Institute's competence, including the study of past negotiating histories and the use of classified materials.

(f) The Institute may enter into contracts for the proper operation of the Institute.

(g) The Institute may fix the duties of its officers, employees, and agents, and establish such advisory committees, councils, or other bodies, as the efficient administration of the business and purposes of the Institute may require.

(h) (1) Except as provided in paragraphs (2) and (3), the Institute may obtain grants and contracts, including contracts for classified research for the Department of State, the Department of Defense, the Arms Control and Disarmament Agency, and the intelligence community, and receive gifts and contributions from government at all levels.

(2) The Institute and the legal entity described in section 1704(c) may not accept any gift, contribution, or grant from a foreign government, any agency or instrumentality of such government, any international organization, or any a corporation or other legal entity in which natural persons who are nationals of a foreign country own, directly or indirectly, more than 50 percent of the outstanding capital stock or other beneficial interest in such legal entity.

(3) Notwithstanding any other provision of this title, the Institute and the legal entity described in section 1704(c) may not obtain any grant or contract or receive any gift or contribution from any private agency, organization, corporation or other legal entity, institution, or individual, except such Institute or legal entity may accept such a gift or contribution to—

(A) purchase, lease for purchase, or otherwise acquire, construct, improve, furnish, or maintain a suitable permanent headquarters, any related facility, or any site or sites for such facilities for the Institute and the legal entity described in section 1704(c); or

(B) provide program-related hospitality, including such hospitality connected with the presentation of the Spark M. Matsunaga Medal of Peace.

(i) The Institute may charge and collect subscription fees and develop, for publication or other public communication, and disseminate, periodicals and other materials.

(j) The Institute may charge and collect fees and other participation costs from persons and institutions participating in the Institute's direct activities authorized in subsection (b).

(k) The Institute may sue and be sued, complain, and defend in any court of competent jurisdiction.

(l) The Institute may adopt, alter, use, and display a corporate seal, emblem, badge, and other mark of recognition and colorable simulations thereof.

(m) The Institute may do any and all lawful acts and things necessary or desirable to carry out the objectives and purposes of this title.

(n) The Institute shall not itself undertake to influence the passage or defeat of any legislation by the Congress of the United States or by any State or local legislative bodies, or by the United Nations, except that the personnel of the Institute may testify or make other appropriate communication when formally requested to do so by a legislative body, a committee, or a member thereof.

(o) The Institute may obtain administrative support services from the Administrator of General Services and use all sources of supply and services of the General Services Administration on a reimbursable basis.

BOARD OF DIRECTORS

Sec. 1706 (a) The powers of the Institute shall be vested in a Board of Directors unless otherwise specified in this title.

(b) The Board shall consist of fifteen voting members as follows:

(1) The Secretary of State (or if the Secretary so designates, another officer of the Department of State who was appointed with the advice and consent of the Senate).

(2) The Secretary of Defense (of if the Secretary so designates, another officer of the Department of Defense who was appointed with the advice and consent of the Senate).

(3) The Director of the Arms Control and Disarmament Agency (or if the Director so designates, another officer of that Agency who was appointed with the advice and consent of the Senate).

(4) The president of the National Defense University (or if the president so designates, the vice president of the National Defense University).

(5) Eleven individuals appointed by the President, by and with the advice and consent of the Senate.

(c) Not more than eight voting members of the Board (including members described in paragraphs (1) through (4) of subsection (b)) may be members of the same political party.

(d) (1) Each individual appointed to the Board under subsection (b)(5) shall have appropriate practical or academic experience in peace and conflict resolution efforts of the United States.

(2) Officers and employees of the United States Government may not be appointed to the Board under subsection (b)(5).

(e) (1) Members of the Board appointed under subsection (b)(5) shall be appointed to four year terms, except that—

(A) the term of six of the members initially appointed shall be two years, as designated by the President at the time of their nomination;

(B) a member may continue to serve until his or her successor is appointed; and

(C) a member appointed to replace a member whose term has not expired shall be appointed to serve the remainder of that term.

(2) The terms of the members of the Board initially appointed under subsection (b)(5) shall begin on January 20, 1985, and subsequent terms shall begin upon the expiration of the preceding term, regardless of when a member is appointed to fill that term.

(3) The President may not nominate an individual for appointment to the Board under subsection (b)(5) prior to January 20, 1985, but shall submit the names of eleven nominees for initial Board membership under subsection (b)(5) not later than ninety days after that date. If the Senate rejects such a nomination or if such nomination is withdrawn, the President shall submit the name of a new nominee within fifteen days.

(4) An individual appointed as a member of the Board under subsection (b)(5) may not be appointed to more than two terms on the Board.

(f) A member of the Board appointed under subsection (b)(5) may be removed by the President—

(1) in consultation with the Board, for conviction of a felony, malfeasance in office, persistent neglect of duties, or inability to discharge duties;

(2) upon the recommendation of eight voting members of the Board; or

(3) upon the recommendation of a majority of the members of the Committee on Foreign Affairs and the Committee on Education and Labor of the House of Representatives and a

(4) majority of the members of the Committee on Foreign Relations and the Committee on Labor and Human Resources of the Senate.

A recommendation made in accordance with paragraph (2) may be made only pursuant to action taken at a meeting of the Board, which may be closed pursuant to the procedures of subsection (h)(3). Only members who are present may vote. A record of the vote shall be maintained. The President shall be informed immediately by the Board of the recommendation.

(g) No member of the Board may participate in any decision, action, or recommendation with respect to any matter which directly and financially benefits the member or pertains specifically to any public body or any private or nonprofit firm or organization with which the member is then formally associated or has been formally associated within a period of two years, except that this subsection shall not be construed to prohibit an ex officio member of the Board from participation in actions of the Board which pertain specifically to the public body of which the member is an officer.

(h) Meetings of the Board shall be conducted as follows:

(1) The President shall stipulate by name the nominee who shall be the first Chairman of the Board. The first Chairman shall serve for a term of three years. Thereafter, the Board shall elect a Chairmen every three years from among the directors appointed by the President under subsection (b)(5) and may elect a Vice Chairman if so provided by the Institute's bylaws.

(2) The Board shall meet at least semiannually, at any time pursuant to the call of the Chairman, or as requested in writing to the Chairman by at least five members of the Board. A majority of the members of the Board shall constitute a quorum for any Board meeting.

(3) All meetings of the Board shall be open to public observation and shall be preceded by reasonable public notice. Notice in the Federal Register shall be deemed to be reasonable public notice for purposes of the preceding sentence. In exceptional circumstances, the Board may close portions of a meeting, upon a majority vote of its members present and with the vote taken in public session, which are likely to disclose information likely to affect adversely any ongoing peace proceeding or activity or to disclose information or matters exempted from public disclosure pursuant to subsection (c) of section 552b of title 5, United States Code.

(i) A director appointed by the President under subsection (b)(5) shall be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule under section 5332 of title 5, United States Code, for each day during which the director is engaged in the performance of duties as a member of the Board.

(j) While away from his home or regular place of business in the performance of duties for the Institute, a director shall be allowed travel expenses, including a per diem in lieu of subsistence,

not to exceed the expenses allowed persons employed intermittently in Government service under section 5703(b) of title 5, United States Code.

OFFICERS AND EMPLOYEES

Sec. 1707. (a) The Board shall appoint the president of the Institute and such other officers as the Board determines to be necessary. The president of the Institute shall be a nonvoting ex officio member of the Board. All officers shall serve at the pleasure of the Board. The president shall be appointed for an explicit term of years. Notwithstanding any other provision of law limiting the payment of compensation, the president and other officers appointed by the Board shall be compensated at rates determined by the Board, but no greater than that payable for level I of the Executive Schedule under chapter 53 of title 5, United States Code.

(b) Subject to the provisions of section 1705(h)(3), the Board shall authorize the president and other officials or employees it designates to receive and disburse public moneys, obtain and make grants, enter into contracts, establish and collect fees, and undertake all other activities for the efficient and proper functioning of the Institute.

(c) The president, subject to the Institute's bylaws and general policies established by the Board, may appoint, fix the compensation of, and remove such employees of the Institute as the president determines necessary to carry out the purposes of the Institute. In determining employee rates of compensation, the president shall be governed by the provisions of title 5, United States Code, relating to classification and General Schedule pay rates.

(d) (1) The President may request the assignment of any Federal officer or employee to the Institute by an appropriate department, agency, or congressional official or Member of Congress and may enter into an agreement for such assignment, if the affected officer or employee agrees to such assignment and such assignment causes no prejudice to the salary, benefits, status, or advancement within the department, agency, or congressional staff of such officer or employee.

(2) The Secretary of State, the Secretary of Defense, the Director of the Arms Control and Disarmament Agency, and the Director of Central Intelligence each may assign officers and employees of his respective department or agency, on a rotating basis to be determined by the Board, to the Institute if the affected officer or employee agrees to such assignment and such assignment causes no prejudice to the salary, benefits, status, or advancement within the respective department or agency of such officer or employee.

(e) No officer or full-time employee of the Institute may receive any salary or other compensation for services from any source other than the Institute during the officer's or employee's period of employment by the Institute, except as authorized by the Board.

(f) (1) Officers and employees of the Institute shall not be considered officers and employees of the Federal Government except for purposes of the provisions of title 28, United States Code, which relate to Federal tort claims liability, and the provisions of title 5, United States code, which relate to compensation and benefits, including the following provisions: chapter 51 (relating to classification); subchapters I and III of chapter 53 (relating to pay rates); subchapter I of chapter 81 (relating to compensation for work injuries); chapter 83 (relating to civil service retirement); chapter 87 (relating to life insurance); and chapter 89 (relating to health insurance). The Institute shall make contributions at the same rates applicable to agencies of the Federal Government under the provisions of title 5 referred to in this section.

(2) The Institute shall not make long-term commitments to employees that are inconsistent with rules and regulations applicable to Federal employees.

(g) No part of the financial resources, income, or assets of the Institute or of any legal entity created by the Institute shall inure to any agent, employee, officer, or director or be distributable to any such person during the life of the corporation or upon dissolution or final liquidation. Nothing in this section may be construed to prevent the payment of reasonable compensation for services or expenses to the directors, officers, employees, and agents of the Institute in amounts approved in accordance with the provisions of this title.

(h) The Institute shall not make loans to its directors, officers, employees, or agents, or to any legal entity created by the Institute. A director, officer, employee, or agent who votes for or assents to the making of a loan or who participates in the making of a loan shall be jointly and severally liable to the Institute for the amount of the loan until repayment thereof.

PROCEDURES AND RECORDS

Sec. 1708. (a) The Institute shall monitor and evaluate and provide for independent evaluation if necessary of programs supported in whole or in part under this title to ensure that the provisions of this title and the bylaws, rules, regulations, and guidelines promulgated pursuant to this title are adhered to.

(b) The Institute shall prescribe procedures to ensure that grants, contracts, and financial support under this title are not suspended unless the grantee, contractor, or person or entity receiving financial support has been given reasonable notice and opportunity to show cause why the action should not be taken.

(c) In selecting persons to participate in Institute activities, the Institute may consider a person's practical experience or equivalency in peace study and activity as well as other formal requirements.

(d) The Institute shall keep correct and complete books and records of account, including separate and distinct accounts of receipts and disbursements of Federal funds. The Institute's annual financial report shall identify the use of such funding and shall present a clear description of the full financial situation of the Institute.

(e) The Institute shall keep minutes of the proceedings of its Board and of any committees having authority under the Board.

(f) The Institute shall keep a record of the names and addresses of its Board members; copies of this title, of any other Acts relating to the Institute, and of all Institute bylaws, rules, regulations, and guidelines; required minutes of proceedings; a record of all applications and proposals and issued or received contracts and grants; and financial records of the Institute. All items required by this subsection may be inspected by any Board member or the member's agent or attorney for any proper purpose at any reasonable time.

(g) The accounts of the Institute shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States on or before December 31, 1970. The audit shall be conducted at the place or places where the accounts of the Institute are normally kept. All books, accounts, financial records, files, and other papers, things and property belonging to or in use by the Institute and necessary to facilitate the audit shall be made available to the person or persons conducting the audit, and full facilities for

verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians shall be afforded to such persons or persons.

(h) The Institute shall provide a report of the audit to the President and to each House of Congress no later than six months following the close of the fiscal year for which the audit is made. The report shall set forth the scope of the audit and include such statements, together with the independent auditor's opinion of those statements, as are necessary to present fairly the Institute's assets and liabilities, surplus or deficit, with reasonable detail, including a statement of the Institute's income and expenses during the year, including a schedule of all contracts and grants requiring payments in excess of $5,000 and any payments of compensation, salaries, or fees at a rate in excess of $5,000 per year. The report shall be produced in sufficient copies for the public.

(i) The Institute and its directors, officers, employees, and agents shall be subject to the provisions of section 552 of title 5, United States Code (relating to freedom of information).

INDEPENDENCE AND LIMITATIONS

Sec. 1709. (a) Nothing in this title may be construed as limiting the authority of the Office of Management and Budget to review and submit comments on the Institute's budget request at the time it is transmitted to the Congress.

(b) No political test or political qualification may be used in selecting, appointing, promoting, or taking any other personnel action with respect to any officer, employee, agent, or recipient of Institute funds or services or in selecting or monitoring any grantee, contractor, person, or entity receiving financial assistance under this title.

FUNDING

Sec. 1710. (a)(1) IN GENERAL.–For the purpose of carrying out this title, there are authorized to be appropriated $15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) AVAILABILITY.–Funds appropriated pursuant to the authority of paragraph (1) shall remain available until expended.

(b) The Board of Directors may transfer to the legal entity authorized to be established under section 1704(c) any funds not obligated or expended from appropriations to the Institute for a fiscal year, and such funds shall remain available for obligation or expenditure for the purposes of such legal entity without regard to fiscal year limitations. Any use by such legal entity of appropriated funds shall be reported to each House of Congress and to the President of the United States.

(c) Any authority provided by this title to enter into contracts shall be effective for a fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

DISSOLUTION OR LIQUIDATION

Sec. 1711. Upon dissolution or final liquidation of the Institute or of any legal entity created pursuant to this title, all income and assets of the Institute or other legal entity shall revert to the United States Treasury.

REPORTING REQUIREMENT AND REQUIREMENT TO HOLD HEARINGS

Sec. 1712. Beginning two years after the date of enactment of this title, and at intervals of two years thereafter, the Chairman of the Board shall prepare and transmit to the Congress and the President a report detailing the progress the Institute has made in carrying out the purposes of this title during the preceding two-year period. The President shall prepare and transmit to the Congress within a reasonable time after the receipt of such report the written comments and recommendations of the appropriate agencies of the United States with respect to the contents of such report and their recommendations with respect to any legislation which may be required concerning the Institute. After receipt of such report by the Congress, the Committee on Foreign Affairs and the Committee on Education and Labor of the House of Representatives and the Committee on Foreign Relations and the Committee on Labor and Human Resources of the Senate shall hold hearings to review the findings and recommendations of such report and the written comments received from the President.

THURSDAY, APRIL 6, 2000.

NATIONAL COUNCIL ON DISABILITY

WITNESSES

KATE PEW WOLTERS, VICE CHAIRPERSON
ETHEL D. BRIGGS, EXECUTIVE DIRECTOR

Mr. PORTER [presiding]. The subcommittee will come to order.

INTRODUCTION OF WITNESSES

We continue our hearings on the budget for fiscal year 2001, and are pleased to welcome Kay Pew Wolters, the Vice Chairperson, accompanied by Ethel D. Briggs, the Executive Director of the National Council on Disability. Nice to see you.

Please proceed with your statement and then we will see if we have questions.

Ms. WOLTERS. Thank you. I believe that you have my prepared testimony for the record. And I have some brief remarks in addition.

Before I begin, I bring greetings from our chairperson, Marca Bristo, who is from your fair state, Illinois. And I would also like to congratulate you on your upcoming retirement and thank you for your support over the years. We have enjoyed working with you and your staff. Thank you very much.

OPENING STATEMENT

First, I will present you with an overview of NCD and our work, and highlight some specific areas of our work during the last few years. Then I will present our proposed budget for fiscal year 2001, with an explanation of this proposal.

Finally, I will make a few closing remarks and then welcome any questions.

NCD is an independent Federal agency making recommendations to the President and Congress on disability policy that affects 54 million people with disabilities, regardless of age, disability type, perceived employment potential, academic need, specific functional ability, or any other circumstance.

NCD is comprised of 15 members appointed by the President and confirmed by the U.S. Senate. Our members span from the East Coast to the West Coast. We come from all walks of life; we come from rural and urban areas, we are culturally diverse, and we represent all disabilities.

UNIQUE ROLE OF THE NATIONAL COUNCIL ON DISABILITY

Established in 1978 within the Department of Education, NCD was designated as an independent agency in 1984 so that it would

be in a unique position to offer objective and independent expert advice to the Congress and the administration.

Our authorizing legislation, the Rehabilitation Act, provides a very broad mandate covering all aspects of disability policy. While many government agencies deal with issues and programs affecting people with disabilities, NCD is the only Federal agency charged with addressing, analyzing and making recommendations on issues of public policy that affect people with disabilities.

NCD recognizes its unique opportunity to facilitate independent living, community integration and employment opportunities for people with disabilities by ensuring an informed and coordinated approach to addressing the concerns of people with disabilities and eliminating barriers to our active participation in community and family life.

MAJOR ACCOMPLISHMENTS DURING FY99 AND TO DATE

I would now like to highlight some of the major accomplishments of NCD during fiscal year 1999 and to date.

As a result of recommendations that were made from hundreds of disability leaders in 1996, and compiled in our report "Achieving Independence," NCD is currently coordinating a multiyear study on the implementation and enforcement of several civil rights laws for people with disabilities, including the ADA, the Individuals with Disabilities Education Act, or IDEA, the Air Carrier Access Act and the Fair Housing Act.

On March 18, 1999, NCD released a ground-breaking report documenting the ineffective enforcement of the Air Carrier Access Act since the law's passage in 1986. NCD's report, "Enforcing the Civil Rights of Air Travelers with Disabilities," contains recommendations on how to improve enforcement, including changes to the law and improvements for the Department of Transportation.

Unfortunately, NCD found that although things have improved since the Air Carrier Access Act was passed in 1986, people with disabilities continue to encounter frequent significant violations to their civil rights. When we complain, we encounter an enforcement effort that is both inconsistent and limited in scope.

The Department of Transportation and Secretary Slater have addressed many of our concerns in new rules and communications.

MINORITY OUTREACH

Now I would like to take a moment to elaborate on NCD's outreach to people with disabilities from diverse cultures. NCD has conducted several meetings and hearings to gather information from people with disabilities from diverse cultures and rural areas. As a result, NCD published its 1999 report, "Lift Every Voice: Modernizing Disability Policies and Programs to Serve a Diverse Nation." The executive summary of this report was released at the White House Forum on Disability and Cultural Diversity that also celebrated the ninth anniversary of the Americans with Disabilities Act. The forum convened by the White House and NCD, with support from the Leadership Conference on Civil Rights, focused on how to improve outcomes in education, employment, and civil rights enforcement for people with disabilities from diverse cultural backgrounds.

I am delighted to tell you that in May, NCD will conduct Think Tank 2000, Coalitions for Advancing the Civil and Human Rights of People With Disabilities From Diverse Cultures. The Think Tank is a brain child of our second vice chairperson, Judge Hughey Walker and will include invited leaders from diverse cultures include people representing grass-roots disability and traditional civil human rights groups as well as the Chairs of the Congressional Hispanic, Native American, black, and Asian and Pacific American Caucuses.

The purpose of Think Tank 2000 is to highlight common causes and identify key strategies for eliminating barriers to civil and human rights for people with disabilities from diverse backgrounds. An action plan from Think Tank 2000 will then be presented to the President and to the 106th Congress. The committee will hear more about Think Tank 2000 at next year's hearing.

NCD receives literally thousands of telephone calls, e-mail messages and letters from concerned individuals and organizations about disability issues. With continued refinement of its award-winning Web page that receives more than 600,000 hits per year, and e-mail capabilities, NCD's outreach to its constituents continues to grow in record numbers.

CURRENT ACTIVITIES FOR FY 2000

NCD's proposed priorities for the current fiscal year 2000 include the implementation of a policy fellowship program for new and emerging leaders with disabilities, completion of a study of Federal policies affecting access to technology for people with disabilities, and completion of the first phase of the Disability Civil Rights Monitoring Project which looks at implementation and enforcement of disability civil rights laws.

NCD will continue its studies that monitor the implementation and enforcement or the Fair Housing Act amendments and section 504 of the Rehabilitation Act.

We will conduct briefings in the 10 Federal regions to gather input on the national enforcement agenda developed from the Disability Civil Rights Monitoring Project reports.

On January 20th, NCD released its report, "From Privileges to Rights: People with Psychiatric Disabilities Speak for Themselves." NCD board member, Rae Unzicker, presented the report on behalf of NCD at the winter conference of the National Association of Protection and Advocacy Systems. The report is based on NCD's testimony from mental health professionals, lawyers, advocates, and relatives of people with psychiatric disabilities and from people with psychiatric disabilities themselves.

They describe in graphic detail how people with psychiatric disabilities have been beaten, shot, isolated incarcerated, raped, deprived of food and bathroom privileges, and physically and psychologically abused in institutions in their communities.

This testimony resulted in a number of recommendations for change in the way people with psychiatric disabilities are treated. The most important is the elimination of coercion. "From Privileges to Rights" calls on the President and Congress to address the many problems faced by people with psychiatric disabilities and ensure that they are fully and substantively involved in the making of pol-

icy changes that will enable them to claim their full citizenship rights.

With regard to the Disability Civil Rights Monitoring Project, parents, students, and disability advocates braved a blizzard to participate in NCD's January 25th news conference highlighting the release of its "Back to School on Civil Rights" report. The report confirms what parents and children with disabilities have repeatedly told NCD, that noncompliance with the Individuals with Disabilities Education Act, IDEA, has persisted in some States over many years, placing enormous burdens on children and families. NCD also found too many parents of children with disabilities continue to spend endless resources to overcome obstacles to their child's basic right to an appropriate education, often at the expense of their personal lives, their careers, and their family's financial security.

PLANNED ACTIVITIES AND BUDGET REQUEST FOR FY 2001

And now on to our current requests: NCD is requesting $2,615,000 for fiscal year 2001, which is an increase of $215,000 above that appropriated for fiscal year 2000. These additional funds will primarily be used to cover operational costs, such as the cost-of-living and rent adjustments, three FTEs, and funds for research and contractual.

In fiscal year 2001, NCD will build upon fiscal year 2000 activities. Our proposed activities for 2001 include the continuation of the second phase of the Disability Civil Rights Monitoring Project, which includes continued work from studies on the Fair Housing Act and the Rehabilitation Act that began in fiscal year 2000; an assessment of the process for addressing the civil rights compliance of various agencies at the regional and State levels; and a review of the implementation of the United Nations Standard Rules for the Equalization of Opportunities for Persons With Disabilities within the U.S. Federal agencies dealing with international disability issues.

NCD's fiscal year 2001 initiatives capitalize on NCD's ability to play a unique and valuable role in the Federal policy process. With this requested increase, NCD will continue to strengthen the linkage between the administration, Congress, and the growing but often overlooked constituency of people with disabilities.

In fiscal year 2001, we are proposing to undertake major and important initiatives designed to markedly improve disability policy in this country. We have historically operated in a cost-effective manner, with a small core staff to identify issues and coordinate research projects.

CLOSING STATEMENT

In conclusion, we are very excited about our planned activities for 2001. As an independent Federal agency representing the concerns, needs, and interests of our constituents, and yours—currently 54 million Americans with disabilities and their families—we will continue to provide the President and Congress with timely information and advice on the most important issues facing all Americans with disabilities.

I hope that you will contact NCD at any time, should you need information regarding issues affecting people with disabilities. Thank you for providing us with an opportunity to present testimony on our 2001 budget request, and I would be happy to answer any questions you might have.

[The information follows:]

TESTIMONY OF

KATE PEW WOLTERS
VICE CHAIRPERSON
NATIONAL COUNCIL ON DISABILITY



before the

U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION AND RELATED AGENCIES
2358 Rayburn House Office Building

10:00 a.m.
March 30, 2000

Introduction.

Good morning. I am Kate Pew Wolters, vice chairperson of the National Council on Disability (NCD). With me today is NCD executive director Ethel D. Briggs. We are here to present our budget proposal for Fiscal Year (FY) 2001.

Before I begin, I want to congratulate the chairman (Mr. Porter) on his/your upcoming retirement and thank him/you for his/your support over the years. We have enjoyed working with him/you and his/your staff.

First, I will present you with an overview of NCD and its work, particularly our work during the last few years. Then, I will present our proposed budget for FY 2001 with an explanation of this proposal. Finally, I will make a few closing remarks and then welcome any questions you might have. If this is acceptable to the Committee members, I will proceed.

NCD Overview.

NCD is an independent federal agency making recommendations to the President and Congress on disability policy that affects 54 million people with disabilities regardless of age, disability type, perceived employment potential, economic need, specific functional ability, status as a veteran, or other individual circumstance. NCD is comprised of 15 members appointed by the President and confirmed by the U.S. Senate. Our members span from the East coast to the West coast. We come from all walks of life. We come from rural and urban areas. We are culturally diverse. We represent all disabilities. We draw upon all that is America.

NCD is truly dedicated to the goals of the Americans with Disabilities Act (ADA). Established in 1978 within the Department of Education, NCD was designated as an independent agency in 1984, so that it would be in a unique position to offer objective and independent expert advice to Congress and the Administration. Our authorizing legislation, the Rehabilitation Act, provides a very broad mandate, covering all aspects of disability policy.

When NCD brought together a diverse group of disability community leaders from around the country in 1996, a consensus emerged that our public policies and programs needed to undergo a paradigm shift that truly mirrored the values of ADA. NCD captured the consensus recommendations of the participants in a report entitled *Achieving Independence.* NCD's annual report, *National Disability Policy: A Progress Report,* addresses NCD's progress and the progress made in federal policy for people with disabilities and makes recommendations on how public policy might better meet the needs of the disability community.

As the only agency in the Federal Government addressing the issues of all people with disabilities, regardless of type or severity, NCD will be aggressive and resolute until the day arrives when people with disabilities in every corner of the land no longer are distinguished by a disability label, but are known as students, workers, parents, neighbors, and friends. While many government agencies deal with issues and programs affecting people with disabilities, NCD is the only federal agency charged with addressing, analyzing, and making recommendations on

issues of public policy that affect people with disabilities regardless of age, disability type, perceived employment potential, economic need, specific functional ability, status as a veteran, or other individual circumstance. NCD recognizes its unique opportunity to facilitate independent living, community integration, and employment opportunities for people with disabilities by ensuring an informed and coordinated approach to addressing the concerns of people with disabilities and eliminating barriers to their active participation in community and family life.

In its efforts to provide leadership in the development and evaluation of disability policy, NCD conducts a variety of activities. In addition, NCD meets quarterly in Washington and occasionally at other sites around the country to deliberate on these and other disability-related issues.

Major Accomplishments During FY 1999 and To Date. NCD, with its mandate to advise the President and Congress on disability policy, is in a key position to articulate recommendations to help formulate a strong, cohesive, national disability policy.

In a manner of speaking, NCD continues to serve as an incubator for a variety of emerging issues and recommendations in the disability community. As a result of recommendations in NCD's 1996 report, *Achieving Independence,* NCD is currently coordinating a multi-year study on the implementation and enforcement of several civil rights laws for people with disabilities including ADA, the Individuals with Disabilities Education Act (IDEA), the Air Carrier Access Act, and the Fair Housing Act. On March 18, 1999, NCD released a groundbreaking report documenting ineffective enforcement of the Air Carrier Access Act since the law's passage in 1986. NCD's report, *Enforcing the Civil Rights of Air Travelers with Disabilities,* contains recommendations on how to improve enforcement, including changes to the law and improvements for the Department of Transportation (DOT). This was the first in NCD's "Unequal Protection Under Law" series of independent analyses of federal civil rights enforcement for Americans with disabilities. The negative experiences of disabled travelers go beyond the typical hassles all air travelers encounter. When you are dropped or mishandled by poorly trained staff who treat you like an inconvenient piece of luggage, when you can't get critical information because it is not provided in an accessible format, you are left with the feeling that you don't count, that your dignity as a human being has been violated.

Unfortunately, NCD found that although things have improved since ACAA was passed in 1986, people with disabilities continue to encounter frequent, significant violations of their civil rights. When they complain, they encounter an enforcement effort that is both inconsistent and limited in scope. The NCD report addresses these issues. Much to their credit, DOT and Secretary Rodney E. Slater not only embraced the NCD report, but worked with NCD in its preparation. In addition, Secretary Slater moved quickly to implement several recommendations before the report was even released. For example, DOT issued a notice of proposed rulemaking on February 17 entitled "Nondiscrimination on the Basis of Disability in Air Travel; Compensation for Damage to Wheelchairs and Other Assistive Devices." DOT is now proposing to amend its

rules implementing the Air Carrier Access Act to lift an existing cap on the amount of compensation airlines would have to pay to passengers for loss or damage to wheelchair and other assistive devices. The proposal is intended to provide additional relief to passengers whose expensive assistive devices are destroyed or seriously damaged in the course of airline travel.

Also in response to a recommendation in NCD's 1999 report *Enforcing the Civil Rights of Air Travelers with Disabilities* to provide better information to air travelers with disabilities to assist them in making their air travel decisions, DOT is now publishing a tabulation of the disability-related complaints received by DOT against individual airlines.

Now, I would like to take a moment to elaborate on NCD's outreach to people with disabilities from diverse cultures–an area we are most proud of. Previous NCD initiatives demonstrated that key information related to the rights and services available to people with disabilities is not reaching a large segment of the population, especially minorities with disabilities and people with disabilities living in rural communities. As a result, NCD conducted a minority and rural residents outreach roundtable in Atlanta, Georgia. More than 100 participants discussed these critical issues and the roles each could play in providing outreach to these groups. In a continuing effort to develop traditional and nontraditional outreach strategies that can be used by federal agencies to reach these vulnerable populations, NCD conducted a public hearing on meeting the unique needs of children and youth with disabilities from minority and rural communities in January 1998 in New Orleans, Louisiana. Information from these two meetings and an additional public hearing that was held in San Francisco, assisted NCD in its policy development in this critical area. As a result, NCD published its 1999 report *Lift Every Voice: Modernizing Disability Policies and Programs to Serve a Diverse Nation.* The executive summary of this report was released at the White House Forum on Disability and Cultural Diversity that also celebrated the ninth anniversary of the passage of the Americans with Disabilities Act (ADA). The forum, convened by the White House and NCD with support from the Leadership Conference on Civil Rights, focused on how to improve outcomes in education, employment, and civil rights enforcement for people with disabilities from diverse cultural backgrounds.

I am delighted to tell you that in May, NCD will conduct Think Tank 2000: Coalitions for Advancing the Civil and Human Rights of People with Disabilities from Diverse Cultures. Invited leaders from diverse cultures include people representing grassroots national disability rights and traditional civil and human rights groups, as well as the chairs for Congressional Hispanic, Native American, Black, and Asian and Pacific American Caucuses. The purpose of Think Tank 2000 is to highlight common causes and identify key strategies for eliminating barriers to civil and human rights for people with disabilities from diverse ethnic, racial, and cultural groups in America. An action plan from Think Tank 2000 will then be presented to the President and the 106th Congress. You'll hear more about the Think Tank 2000 at next year's appropriations hearing.

NCD literally receives thousands of telephone calls, e-mail messages, and letters from concerned individuals and organizations about disability issues. With the continued refinement of its award-winning Web page (**www.ncd.gov**) that receives more than 600,000 hits per year, and e-mail capabilities, NCD's outreach to its consumers continued to grow in record numbers. NCD continued to disseminate important disability-related information through its monthly publication *NCD BULLETIN*, special mailings, published articles, special reports, annual reports, brochures, position papers, other disability organizations, the Internet, and ongoing interaction with the news media.

I would like to digress for a moment and say a few words about NCD's Web site, which is receiving record numbers of hits, and the Government Printing Office (GPO), who hosts the NCD's site. GPO's Web team is doing an outstanding job in providing technical assistance and support to NCD. We are very demanding and they are very knowledgeable and very patient. GPO has helped NCD develop a useful site for people with disabilities and those interested in our issues. We are delighted to be partners with GPO and we will continue to work with GPO to make the NCD Web site a model for other federal agencies. If you haven't looked at our Web page lately, please do. The URL is www.ncd.gov.

Now, to get back on track.

Current Activities for FY 2000. NCD's proposed priorities for FY 2000 include the implementation of a policy fellowship program for new and emerging leaders with disabilities; completion of a study of federal policies affecting access to technology for people with disabilities; and completion of the first phase of the Disability Civil Rights Monitoring Project, which looks at the implementation and enforcement of disability civil rights laws. NCD will continue its studies that monitor the implementation and enforcement of the Fair Housing Act Amendments and Section 504 of the Rehabilitation Act. NCD will conduct briefings in the ten federal regions to gather input on the national enforcement agenda developed from the Disability Civil Rights Monitoring Project reports. NCD will seek to address the unique issues facing youth, minority, and rural residents with disabilities within these priorities. To that end, NCD now serves as a member of the interagency working group on the White House Initiative on Asian Americans and Pacific Islanders. NCD will continue to work as a part of the Presidential Task Force on Employment of Adults with Disabilities (the creation of which occurred as a result of an NCD recommendation in *Achieving Independence*).

On January 20, NCD released its report *From Privileges to Rights: People with Psychiatric Disabilities Speak for Themselves*, at the National Association of Protection and Advocacy Systems' Winter Conference 2000 in Orlando, Florida. NCD board member Rae Unzicker presented the report on behalf of NCD. The report is based on NCD's 1998 hearing in Albany, New York, where NCD heard testimony from mental health professionals, lawyers, advocates, and relatives of people with psychiatric disabilities, and from people with psychiatric disabilities themselves. They described in graphic detail how people with psychiatric disabilities have been beaten, shocked, isolated, incarcerated, raped, deprived of food and bathroom privileges, and

physically and psychologically abused in institutions and in their communities. This testimony resulted in a number of recommendations for change in the way people with psychiatric disabilities are treated. The most important is the elimination of coercion. *From Privileges to Rights* calls on the President and Congress to address the many problems faced by people with psychiatric disabilities and ensure that these people are fully and substantively involved in the making of policy changes that will enable them to claim their full citizenship rights.

With regard to the Disability Civil Rights Monitoring Project, parents, students, and disability advocates braved a blizzard to participate in NCD's January 25 news conference highlighting the release of its report *Back to School on Civil Rights.* The report confirms what parents and children with disabilities have repeatedly told NCD: that noncompliance with the Individuals with Disabilities Education Act (IDEA) has persisted in some states over many years, placing enormous burdens on children and families. NCD also found that too many parents of children with disabilities continue to spend endless resources to overcome obstacles to their child's basic right to an appropriate education, often at the expense of their personal lives, their careers, and their families' financial security.

Back to School on Civil Rights is the second in NCD's "Unequal Protection Under Law" series of independent analyses of federal civil rights enforcement for Americans with disabilities.

During this fiscal year, the United States will celebrate the 10th anniversary of the passage of ADA and the 25th anniversary of the passage of the Individuals with Disabilities Education Act (IDEA). These milestones present an opportunity to retool and reinvigorate federal enforcement of disability civil rights laws so that more Americans with disabilities and their families can enjoy equal access to the American dream. Too many children and adults with disabilities and their families are unaware of their rights under federal law to be free from discrimination and are unable to enforce that right. The Disability Civil Rights Monitoring Project will continue to assess federal civil rights enforcement in the past and evaluate how these important laws can be translated into real equality of opportunity for all Americans.

In addition, NCD also produces its reports in alternative formats, such as braille, large print, and diskette. We are now working in a collaborative effort with the American Printing House (APH) for the Blind in Louisville, Kentucky, to produce high quality documents that are accessible to everyone. APH does an outstanding job for NCD.

Planned Activities and Budget Request for FY 2001. NCD is requesting $2,615,000, which is an increase of $215,000 above that appropriated for FY 2000. These additional funds will primarily be used to cover operational costs, such as cost of living and rent adjustments, three FTEs, and funds for research and contractual.

In FY 2001, NCD will build upon FY 2000 activities. NCD proposed activities for FY 2001 include the continuation of the second phase of the Disability Civil Rights Monitoring Project, which includes continued work from studies on the Fair Housing Act and the Rehabilitation Act

that began in FY 2000; an assessment of the process for addressing civil rights compliance of various agencies at the regional and state levels; and a review of the implementation of the United Nations Standard Rules for the Equalization of Opportunity for Persons with Disabilities within the U.S. federal agencies dealing with international disability issues.

NCD's FY 2001 initiatives capitalize upon NCD's ability to play a unique and valuable role in the federal policy process. With this requested increase, NCD will continue to strengthen the linkage between the Administration, Congress, and the growing but often overlooked constituency of people with disabilities.

In FY 2001, NCD is proposing to undertake major and important initiatives designed to markedly improve disability policy in this country. NCD has historically operated in a cost-effective manner, with a small core staff to identify issues and coordinate research projects. Much of our actual policy research is privatized through external contracts. NCD then considers the findings of this research and develops recommendations to the President and Congress based on this independent research.

During FY 2001, NCD will continue its interagency policy liaison activities with the National Institute on Disability and Rehabilitation Research, the Rehabilitation Services Administration, the Office for Special Education and Rehabilitative Services, the President's Committee on the Employment of People with Disabilities, the Centers for Disease Control and Prevention, the National Center for Medical Rehabilitation Research, the White House Initiative on Asian Americans and Pacific Islanders, and other governmental entities. We will also continue to increase our outreach to people with disabilities and their families, national organizations concerned with disability policy as well as the private sector. In this way, we will be able to ensure that the policy guidance we provide to the President and Congress is truly representative of the needs and aspirations of people with disabilities.

Conclusion. In conclusion, we are very excited about our planned activities for FY 2001 and we are requesting a total of $2,615,000. As an independent federal agency representing the concerns, needs, and interests of our constituents and yours—currently 54 million Americans with disabilities and their families—we will continue to provide the President and Congress with timely information and advice on the most important issues facing all Americans with disabilities. As the data from Census 2000 becomes available, we can expect the number of people with disabilities to grow. In any event, NCD will be ready to provide assistance to you and most importantly to people with disabilities. I hope you will contact NCD at any time if you need information regarding issues affecting people with disabilities. Thank you for providing us with this opportunity to present testimony on our FY 2001 Budget Request.

APPENDIX A
BIOGRAPHICAL INFORMATION ON WITNESSES

Kate Pew Wolters, Vice Chairperson
National Council on Disability

Kate P. Wolters of Grand Rapids, Michigan, is NCD's first vice chairperson. She was appointed by President Clinton and confirmed by the U.S. Senate to be a member of NCD on May 12, 1994. She currently serves as the chairperson of the board of trustees of the Steelcase Foundation. Ms. Wolters served as the executive director of the Steelcase Foundation from 1986 until 1996, at which time she was appointed chair. She received her bachelor's degree from Aquinas College and a master of social work degree from Michigan State University. She currently serves on the boards of the Council of Michigan Foundations, Aquinas College, Founders Trust Personal Bank, the Grand Rapids Art Museum Foundation, and the Disability Funders Network, and on the Michigan State University School of Social Sciences board of visitors. Ms. Wolters serves on the board of the Mary and Robert Pew Education Fund, and as chair of the Kate and Richard Wolters Foundation.

Ethel D. Briggs
Executive Director
National Council on Disability

Ethel D. Briggs is the NCD executive director. Since joining the NCD staff, she has also served as acting executive director, deputy director, and director of adult services. She is a former chief of the Office of Staff Development and Training for the Washington, D.C., Rehabilitation Services Administration. She has worked as a rehabilitation counselor supervisor, vocational rehabilitation counselor, and part-time instructor at George Washington University.

Ms. Briggs, a long-time advocate for people with disabilities, graduated from North Carolina Central University and holds a master's degree in counseling from the University of North Carolina at Chapel Hill. She was recognized by *Dollar & Sense Magazine* as one of the "Top 100 African-American Business and Professional Women of 1989." Ms. Briggs also was recognized by *Outstanding Women in America* in 1976 and by *Who's Who in American Colleges and Universities* in 1971.

APPENDIX B

NCD PUBLICATIONS

Back to School on Civil Rights: Advancing the Federal Commitment to Leave No Child Behind (2000)

From Privileges to Rights: People Labeled with Psychiatric Disabilities Speak for Themselves (2000)

Lift Every Voice: Modernizing Disability Policies and Programs to Serve a Diverse Nation (1999)

Implementation of the National Voter Registration Act by State Vocational Rehabilitation Agencies (1999)

Lift Every Voice: Modernizing Disability Policies and Programs to Serve a Diverse Nation – Executive Summary (1999)

Enforcing the Civil Rights of Air Travelers with Disabilities: Recommendations for the Department of Transportation and Congress (1999)

National Disability Policy: A Progress Report (1999)

Grassroots Experiences with Government Programs and Disability Policy: Proceedings from a Public Hearing in New Orleans, Louisiana (1998)

Reorienting Disability Research (1998)

Access to Multimedia Technology by People with Sensory Disabilities (1998)

National Disability Policy: A Progress Report, July 26, 1996–October 31, 1997 (1997)

Removing Barriers to Work: Action Proposals for the 105th Congress and Beyond (1997)

Equality of Opportunity: The Making of the Americans with Disabilities Act (1997)

Impact of the Welfare Reform Legislation on Legal Immigrants with Disabilities (1997)

Assisted Suicide: A Disability Perspective (1997)

Achieving Independence: The Challenge for the 21st Century (1996)

Foreign Policy and Disability (1996)

Access to the Information Superhighway and Emerging Information Technologies by People with Disabilities (1996)

Guidance from the Graphical User Interface (GUI) Experience: What GUI Teaches About Technology Access (1996)

Improving the Implementation of the Individuals with Disabilities Education Act: Making Schools Work for All of America's Children Supplement (1996)

Cognitive Impairments and the Application of Title I of the Americans with Disabilities Act (1996)

Disability Perspectives and Recommendations on Proposals to Reform the Medicaid and Medicare Programs (1995)

Voices of Freedom: America Speaks Out on the ADA (1995)

Improving the Implementation of the Individuals with Disabilities Education Act: Making Schools Work for All of America's Children (1995)

The Americans with Disabilities Act: Ensuring Equal Access to the American Dream (1995)

Inclusionary Education for Students with Disabilities: Keeping the Promise (1994)

Making Health Care Reform Work for Americans with Disabilities: Summary Information on Five "Town Meetings" on Health Care Reform (1994)

Furthering the Goals of the Americans with Disabilities Act Through Disability Policy Research in the 1990s: Summary of Proceedings (1993)

ADA Watch — Year One: A Report to the President and the Congress on Progress in Implementing the Americans with Disabilities Act (1993)

Meeting the Unique Needs of Minorities with Disabilities (1993)

Serving the Nation's Students with Disabilities: Progress and Prospects (1993)

Sharing the Risk and Ensuring Independence: A Disability Perspective on Access to Health Insurance and Health-Related Services (1993)

Study on the Financing of Assistive Technology Devices and Services for Individuals with Disabilities (1993)

Wilderness Accessibility for People with Disabilities: A Report to the President and the Congress of the United States on Section 507(a) of the Americans with Disabilities Act (1992)

The Impact of Exemplary Technology-Support Programs on Students with Disabilities (1991)

The Education of Students with Disabilities: Where Do We Stand? (1989)

On the Threshold of Independence (1988)

Toward Independence: An Assessment of Federal Laws and Programs Affecting Persons with Disabilities — With Legislative Recommendations (1986)

In addition, the NCD publishes annual reports, positions papers, and a monthly newsletter, NCD BULLETIN. *All publications are free of charge, available in accessible formats, and on the Internet (**http://www.ncd.gov**).*

APPENDIX C

MISSION OF THE NATIONAL COUNCIL ON DISABILITY

OVERVIEW AND PURPOSE

NCD is an independent federal agency led by 15 members appointed by the President of the United States and confirmed by the U.S. Senate.

The overall purpose of NCD is to promote policies, programs, practices, and procedures that guarantee equal opportunity for all individuals with disabilities, regardless of the nature or severity of the disability; and to empower individuals with disabilities to achieve economic self-sufficiency, independent living, and inclusion and integration into all aspects of society.

SPECIFIC DUTIES

The current statutory mandate of NCD includes the following:

- Reviewing and evaluating, on a continuing basis, policies, programs, practices, and procedures concerning individuals with disabilities conducted or assisted by federal departments and agencies, including programs established or assisted under the Rehabilitation Act of 1973, as amended, or under the Developmental Disabilities Assistance and Bill of Rights Act; as well as all statutes and regulations pertaining to federal programs that assist such individuals with disabilities, in order to assess the effectiveness of such policies, programs, practices, procedures, statutes, and regulations in meeting the needs of individuals with disabilities.

- Reviewing and evaluating, on a continuing basis, new and emerging disability policy issues affecting individuals with disabilities at the federal, state, and local levels, and in the private sector, including the need for and coordination of adult services, access to personal assistance services, school reform efforts and the impact of such efforts on individuals with disabilities, access to health care, and policies that operate as disincentives for individuals to seek and retain employment.

- Making recommendations to the President, the Congress, the Secretary of Education, the Director of the National Institute on Disability and Rehabilitation Research, and other officials of federal agencies, respecting ways to better promote equal opportunity, economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for Americans with disabilities.

- Providing the Congress, on a continuing basis, advice, recommendations, legislative proposals, and any additional information that the Council or the Congress deems appropriate.

- Gathering information about the implementation, effectiveness, and impact of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

- Advising the President, the Congress, the Commissioner of the Rehabilitation Services Administration, the Assistant Secretary for Special Education and Rehabilitative Services within the Department of Education, and the Director of the National Institute on Disability and Rehabilitation Research on the development of the programs to be carried out under the Rehabilitation Act of 1973, as amended.

- Providing advice to the Commissioner with respect to the policies and conduct of the Rehabilitation Services Administration.

- Making recommendations to the Director of the National Institute on Disability and Rehabilitation Research on ways to improve research, service, administration, and the collection, dissemination, and implementation of research findings affecting persons with disabilities.

- Providing advice regarding priorities for the activities of the Interagency Disability Coordinating Council and reviewing the recommendations of this Council for legislative and administrative changes to ensure that such recommendations are consistent with the purposes of the Council to promote the full integration, independence, and productivity of individuals with disabilities;

- Preparing and submitting to the President and the Congress an annual report titled *National Disability Policy: A Progress Report.*

INTERNATIONAL

In 1995, NCD was designated by the Department of State to be the official contact point with the U.S. government for disability issues. Specifically, NCD interacts with the special rapporteur of United Nations Commission for Social Development on disability matters.

CONSUMERS SERVED AND CURRENT ACTIVITIES

While many government agencies deal with issues and programs affecting people with disabilities, NCD is the only federal agency charged with addressing, analyzing, and making recommendations on issues of public policy that affect people with disabilities regardless of age, disability type, perceived employment potential, economic need, specific functional ability, status as a veteran, or other individual circumstance. NCD recognizes its unique opportunity to

facilitate independent living, community integration, and employment opportunities for people with disabilities by ensuring an informed and coordinated approach to addressing the concerns of persons with disabilities and eliminating barriers to their active participation in community and family life.

NCD plays a major role in developing disability policy in America. In fact, it was NCD that originally proposed what eventually became ADA. NCD's present list of key issues includes improving personal assistance services, promoting health care reform, including students with disabilities in high-quality programs in typical neighborhood schools, promoting equal employment and community housing opportunities, monitoring the implementation of ADA, improving assistive technology, and ensuring that persons with disabilities who are members of minority groups fully participate in society.

STATUTORY HISTORY

NCD was initially established in 1978 as an advisory board within the Department of Education (Public Law 95-602). The Rehabilitation Act Amendments of 1984 (Public Law 98-221) transformed NCD into an independent agency.

Mr. PORTER. Thank you very much. That was a very fine statement.

We have 54 million people with disabilities out of a population of approximately 270 million. Do we have any historical figures as to whether the numbers are going up or down or steady?

Ms. WOLTERS. Do you know, Ethel?

Ms. BRIGGS. Basically, the number of people with disabilities is increasing. The reason is because of technology. For example, a person could have had an automobile accident 10 years ago that would have been fatal. Today, we have medical technology that would keep those people alive and they become people with disabilities.

Mr. PORTER. I just had the son of one of my former chiefs of staff severely injured in an automobile accident, both head injuries and internal injuries, and they said 10 years ago he never would have had any chance. He's a 14-year-old boy. Two weeks later he is up walking around. He still has, obviously, very severe problems resulting from the accident. But they said he would never have survived, so that is very understandable.

I would like you, Ms. Wolters, because you are going to know more about this than anyone, to look at the direction of the life of people with disabilities, first in the United States and then worldwide, and tell me whether we are going in the right direction—not in terms of policy; I know you deal with policy. I want to know the results. Are their lives easier or better? Are we moving in the right direction? Do you understand?

Ms. WOLTERS. Yes, I think I understand your question; and the quick answer to that is, yes. We are moving in the right direction, because the other direction was so bad.

And there is one thing that we cannot change, and that is attitudes. Some of that is changing, but some of the attitudes towards people with disabilities are still discriminatory, are still in ways that thwart us. I think that laws can help change those attitudes without a doubt; and the laws that are in place right now have helped us amazingly in many ways. At 42 years old, I can tell you that when I went to a segregated school through 12th grade, there was no law to protect me. And now there are laws to protect people who are going through the education system.

Therefore, I was not given the education and the opportunities that I should have been given. I survived nonetheless, but it is amazing to me the opportunities that young people now have that I did not have as a young person. And so, I can only tell you that things are, yes, definitely getting better.

Is there a lot of room for improvement? Of course, there is.

Mr. PORTER. Look worldwide for me, because we have a population worldwide that is increasing very rapidly. We have a lot of places on the planet where there is not any substantial level of health care that could help people. What is happening to other people, outside the United States? I suppose to kind of pinpoint it, Canada would probably be similar to the United States or maybe even better, and in Europe it would probably be good, but other places not.

Ms. WOLTERS. It is amazing to me in the last several years, there have been numerous international conferences related to disability

issues in places that I would never have imagined would even be thinking about these issues.

They are looking to us as the experts, the United States and NCD as well. It says to me that there is movement, there is evidence that there is empowerment and that there is awareness. I think that from a physical accessibility standpoint, things have definitely gotten better.

From a treatment issue, I think that there are some cultural problems that none of us can get around that are very, very disheartening, that are very much a cause of concern about how other countries treat children with disabilities and that is disheartening. All we can do, and what we are doing, is work to make sure they have the proper information to make sure they understand that children with disabilities will grow up to be great members of their society.

Mr. PORTER. It seems to me that this country is predominant in so many ways at the moment, that we have great opportunities to change the mind-set of the world in many different ways; and this is an area where we can reach out, and I am sure you are doing exactly that, to try to change everyone for the future so that people with disabilities will have a better life. It seems that the United States can project that kind of leadership.

Ms. WOLTERS. Your comment is so timely, Mr. Porter. As we speak, the National Council is holding a 2-day conference on international issues related to people with disabilities over at the Washington Marriott, which is where I will be going when I am done here and why our chairman is not able to be here.

Mr. PORTER. We did not hold this hearing at a very timely place, I am sorry.

Ms. WOLTERS. We were in town anyway, so we are happy to be here.

Mr. PORTER. You talked about IDEA, and we have jurisdiction in this subcommittee over funding for IDEA, and we have put substantial increases in IDEA funding that we hope will be very helpful to young people with disabilities in school.

There is one thing that I want to pass along. We are such a litigious society that often people go to an attorney right away when they have a problem. I would make a suggestion that you put out on your Internet site, or however you communicate, that very often the first place that people ought to go is to their Member of Congress.

We had a case in my own district, one of our school districts was not providing the kinds of access and opportunities, and there was a discriminatory attitude toward a young person with a disability in one of our high schools. We called them up, got the superintendent and talked to him directly. The whole thing turned around without it costing $1. They understood that we were watching them, that they were not complying with the law in providing the kind of services they should. It turned it around completely.

I think Members of Congress can save a great deal of resources, a great deal of time, and get results very fast because most of us do not sit on the sidelines. We want to help people who need our help. It is a human thing and a political thing, both. And I think that—tell people when they have a problem, go see their Member

of Congress, because they have staffs that know these issues, and we are not afraid to tell people when we think they are wrong.

Ms. WOLTERS. I appreciate that, and your district is lucky to have somebody that is as concerned as you are about this issue.

Mr. PORTER. Well, I am lucky to have a staff like I have.

I think the most high-level case involving the ADA recently is the Casey Martin case, where you have had a decision that this young man, who has a disability with his leg—he has a rare blood disorder or circulation disorder—has been ordered by the ninth circuit to be provided a cart so that he can compete in professional golf tournaments. You are probably aware of this.

There is another case in the seventh circuit that was brought by another individual against the United States Golf Association, which is the one that handles amateur competitions, and that case went the other way.

And right now, my understanding is that the ninth circuit is seeking certiorari in the Casey Martin case to have the case reviewed by the Supreme Court.

Do you get involved in this by way of discussion within the Council or even by way of providing an amicus brief in the court taking a position on behalf of the disabled individual?

Ms. WOLTERS. Yes, we have. Not in this particular case.

Mr. PORTER. But you do this kind of thing?

Ms. WOLTERS. Yes, Mr. Chairman.

Mr. PORTER. Why not in this case, just as a matter of curiosity?

Ms. WOLTERS. I think partly because of staff resources. It was not one that was brought to our attention by our constituencies. While it is, I think, an important matter, there were several other cases that some consumers thought were probably more legally challenging that we have been involved in.

Mr. PORTER. I tried to say at the beginning this may not be the most important case, but it is a case that is fairly high level in the press.

Ms. WOLTERS. I understand.

Mr. PORTER. And I thought maybe you might be involved in it.

Information technology is changing our whole economy, and maybe the whole world, in profound ways that we probably do not fully recognize or understand yet. But one of the ways that it is allowing people to work is to stay at home and work at a computer.

How is this likely or how is it affecting people with disabilities who often have had transportation problems, access problems and the like?

Maybe this is a salvation for many people that will allow them to be fully employed, gainfully employed and earning a good income where they might not have had that opportunity before. Are you seeing that, or am I missing something?

Ms. WOLTERS. It is a double-edged sword, Mr. Chairman. You are right. Many, many people would believe that a bird in the hand is worth two in the bush. To be able to have a job, to have the employment, to have the money to be able to spend on health care, et cetera, is certainly the primary goal.

But imagine the isolation. Imagine the isolation that people with disabilities would feel working in their home day after day after day.

I have some feelings about taking the Department of Transportation off the hook. The Department might say all these people with disabilities are going to work at home, so you do not have to provide transportation. The same applies to taking businesses off the hook by saying you do not have to provide reasonable accommodation because you can go work at home.

To a certain degree, it gives us boundless options; to another degree, it limits us incredibly.

Mr. PORTER. You see, that is what people without disabilities do not quite understand, because I did not see that; and now when you say it, of course, I see it very quickly. Yes, the isolation would be a very negative thing.

Well, it may help on the income side. I don't think it should let the Department of Transportation or others off the hook in any way, because people without disabilities do not stay at home, they go out and do things; and people with disabilities obviously need to do that also, and they still need the access and the transportation to go about the rest of their lives, beyond the employment part.

Ms. WOLTERS. I would think that the technology would be able to help people with disabilities to be more integrated into the work force.

Mr. PORTER. Yes. Staff has prepared a number of questions that are important on the budget. Some of them, you have already addressed in your remarks. I think I am going to submit the rest of these for the record and let you get to your conference.

Ms. WOLTERS. Thank you very much.

Mr. PORTER. Thank you very much for the job that you are doing there, and we are going to do our best to provide the resources you need.

Ms. WOLTERS. We appreciate it.

Mr. PORTER. Thank you.

The subcommittee will stand in recess until 2 p.m.

The following questions were submitted to be answered for the record:

Mr. Porter: Can you elaborate on the status of the pilot project initiated in FY 1999 concerning the National Voter Registration Act?

Ms. Wolters: On October 1, 1999, the National Council on Disability (NCD) submitted its report *Implementation of the National Voter Registration Act by State Vocational Rehabilitation Agencies* to the President and Congress. This report is a direct outcome of that project.

Voting is one of the most fundamental rights in a democratic society. In order to promote the exercise of this right, the National Voter Registration Act (NVRA) was enacted in 1993. Section 7 of NVRA specifies that each state shall designate, as voter registration agencies, all offices in the state that provide state-funded programs primarily engaged in providing services to persons with disabilities. One of the largest agencies serving people with disabilities in a state is the vocational rehabilitation agency.

To date, no study has been undertaken regarding the implementation of NVRA by state vocational rehabilitation agencies. The purpose of this report is to assess the experience of these agencies in implementing this critical legislation. NCD finds that state agency implementation is inconsistent and not well coordinated. The report offers recommendations for improving implementation of this critical law by state vocational rehabilitation agencies.

NCD stands ready to work with you and stakeholders outside the government to address the issues identified in this report and to empower persons with disabilities by facilitating their participation in the political process.

Mr. Porter: Under your vision statement in FY 2001 budget justifications, "Conflicting, poorly designed or outdated government programs and policies combine with service gaps and continued negative attitudes toward people with disabilities serve to marginalize the 54 million Americans with disabilities." What government agencies were identified, and have they corrected their shortcomings since that notification?

Ms. Wolters: In our vision statement, NCD was giving background information. However, in 1996, NCD brought together a diverse group of disability community leaders from around the country, a consensus emerged that our public policies and programs needed to undergo a paradigm shift that truly mirrored the values of the Americans with Disabilities Act. A key recommendation from the summit was the establishment of the Presidential Task Force on Employment of Adults with Disabilities. This Task Force was created by Executive Order of the President. Representatives from most of the federal departments and agencies sit on the task force. Thus, there has been increased collaboration and coordination among federal agencies than in the past. While progress has been made, problems still exist. Just recently, NCD held a meeting of its International Watch Advisory Committee. It called for greater coordination and leadership from the Department of State on disability issues.

NCD has conducted studies on the monitoring and implementation of the Individuals with Disabilities Education Act and the Air Carrier Access Act. Recommendations from these studies were submitted to the federal agencies involved with the monitoring and implementation of these statues. Later this year, NCD will complete the work on the studies of the Americans with Disabilities Act and the Fair Housing Act. Recommendations from these studies will also be submitted to the agencies responsible for monitoring.

Several agencies have been working together with NCD on youth with disability issues. NCD produces a report annually on the status of disability policy in America. The report from last year will be released in a few weeks.

Mr. Porter: With regard to your FY 2000 proposed priorities, NCD anticipated conducting ten (10) regional meetings in order to gather input on the national enforcement agenda developed from the Disability Civil Rights Monitoring Project reports. Have the ten (10) regional meetings been conducted, and what data was accumulated?

Ms. Wolters: After careful planning, NCD decided to conduct 13 regional briefings to gather input on the national enforcement agenda developed from the Disability Civil Rights Monitoring Project. These briefings will be conducted in August and September of this year. During the briefings, NCD will present information on its "Unequal Protection Under Law" series of independent analyses of federal civil rights enforcement for Americans with disabilities. The briefings will also give the community an opportunity to provide input on the consensus document produced at NCD's Civil Rights Retreat. The following locations and dates have been selected for briefings: Region I—Boston, MA, September 19, 2000 (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont); Region II—New York, NY, August 14, 2000, and San Juan, PR, May 24, 2000 (New Jersey, New York, Puerto Rico, Virgin Islands); Region III—Philadelphia, PA, September 8, 2000 (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia); Region IV—Atlanta, GA, August 16, 2000, and Miami, FL, August 23, 2000 (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee); Region V—Chicago, IL, August 2 or 3, 2000 (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin); Region VI —Houston, TX, August 30, 2000 (Arkansas, Louisiana, Mississippi, New Mexico, Oklahoma, Texas); Region VII—Kansas City, MO, September 29, 2000 (Iowa, Kansas, Missouri, Nebraska); Region VIII —Denver, CO, September 6, 2000, and Rapid City, SD, September 27, 2000 (Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming); Region IX—Los Angeles, September 13, 2000 (Arizona, California, Hawaii, Nevada, American Samoa, Guam, Trust Territory of the Pacific Island); and Region X—Anchorage, AK, September 7, 2000, and Portland, OR, September 21, 2000 (Alaska, Idaho, Oregon, Washington).

Mr. Porter: In your FY 2001 justification, three (3) new FTEs are requested. Two (2) of these positions would be fellowship program positions, the third FTE duties would be divided to cover reading services for staff who are blind, visually impaired and or deaf and for clerical support for the chairperson. Are the aforementioned services paid by "other services" and why would there be a proposed increase in this category for FY 2001?

Ms. Wolters: NCD would like for individuals in the fellowship program to be full-time employees receiving benefits. In 1999, when NCD prepared this budget request, we had an employee who was blind and because of our ceilings on FTEs we could not hire a reader. So we employed a reader on part-time basis under "other services." While this employee is no longer employed at NCD, NCD has hired an employee who is deaf. We have found it to be more cost efficient to hire an interpreter who could provide communication assistance to this employee as well as in intergovernmental meetings and other agency activities. NCD has gone to OMB for a no cost supplemental to increase the ceiling on our FTEs so we could employ one fellow and the interpreter. We moved funds from the "other services" category to personnel in order to cover the costs. NCD needs the staff capacity to provide reasonable accommodations for our employees. In addition, as we increase the number of policy staff, NCD will need to increase support staff. The chairperson needs clerical support staff that is currently being provided by a temporary service under "other services."

In addition to NCD staff who need reasonable accommodations, NCD has members who need reasonable accommodations in order to attend meetings. The proposed increase in "other services" is needed not only to cover the reasonable accommodations costs of interpreters for meetings, readers, and attendants, it also includes the costs of meeting room space, and other meeting support services. NCD is mandated by Congress to have at least four meetings per year.

Mr. Porter: What is the status of your congressionally mandated study of technology and how it impacts with disabled people, particularly relating to section 508 of the Rehab Act?

Ms. Wolters: The National Council on Disability has completed its study, *Federal Policy Barriers to Assistive Technology*, as required by the Assistive Technology Act of 1998 (P.L. 105-394), Title II, Section 202. As the title implies, this report describes the barriers in federal assistive technology policy to increasing the availability of and access to assistive technology devices and assistive technology services for people with disabilities.

In the ideal climate, no person with a disability should be denied the opportunity to obtain assistive technology and transfer its inherent potential into viable, life-fulfilling endeavors. However, it is clear that the current patchwork of federal policies have barriers and gaps leaving many people with disabilities without the benefits of assistive technology. This report identifies four major barriers and makes 11 recommendations for reducing those barriers.

When NCD releases this report, NCD will be calling on Congress to take a hard and fast look at what people with disabilities need to make assistive technology readily available. We hope that this report will show the way.

Mr. Porter: In the FY 2001 budget justification, three additional FTEs are requested. Two (2) of these positions are fellowship program positions. What are the criteria for a person to be chosen in one of these positions? Additionally, are there OPM guidelines required in these selections?

Ms. Wolters: In 1999, NCD established the National Disability Fellowship Program in Washington, DC, to identify and develop new leaders with disabilities to enhance NCD's policy capacity. The focus of the program is to provide experience, training, and contacts to qualified individuals with disabilities. Selected fellows will receive benefits (including health insurance), a competitive stipend, and reasonable relocation expenses.

To qualify for the fellowship, applicants must be U.S. citizens and have a minimum of five years experience in the field of disability studies and/or advocacy. Other criteria include providing a resume supplement that clearly describes the candidates experience, education and/or training as it relates to each factor; one's potential to make a long-term leadership contribution to public policy affecting people with disabilities; knowledge of public policies affecting people with disabilities; advocacy skills; and commitment to the disability civil rights movement.

Fellows are hired under Schedule A appointments and have to meet the qualifications established for the position by the Office of Personnel Management. Finalists' applications are reviewed and rated by personnel in order to determine if they qualify for the position.

The fellows will work out of NCD's office in Washington, DC. An individualized work plan will be developed with the fellows that could include placements at other locations or "shadowing" and assisting a senior policy leader through a variety of activities. The fellowship will also include training conducted by NCD staff and other policy professionals. The NCD fellows will make a substantial intellectual or leadership contribution to a major NCD project. During the fellowship year and afterward, the fellows will be asked to engage in periodic follow up interviews or surveys to help NCD evaluate the effectiveness of this program.

Mr. Porter: What is the status of the "Youth Fellowship Program" and what assistance did the NCD have with regard to providing experience in the policy debate issue?

Ms. Wolters: NCD began the Youth Fellowship Program in January 2000 with one fellow. The actual work in terms of sending out applications, selection process and interviewing began last year. The fellow has provided assistance in several areas of policy. The fellow comes from a state agency and is able to lend a grassroots perspective to issues that NCD may be undertaking. The fellow and future fellows will play a very important role in providing their knowledge and experience in the policy debate. During this fiscal year, NCD has undertaken a study to review the monitoring and enforcement of disability civil rights laws; our fellow has had an opportunity to participate in the discussions on these key pieces of legislation.

Mr. Porter: How has your Web site improved your overall operations and what improvements are planned to better serve the disabled?

Ms. Wolters: There is no doubt that having a fully accessible, award-winning Web site (http://www.ncd.gov) has improved NCD's overall operations. NCD's Web accessibility was confirmed by the award and validation it received from the Center for Applied Science and Technology and the Worldwide Web Consortium. NCD's Web page now receives more than 50,000 hits per month--nearly 10 times as many hits as it received last year. In the near future,

NCD, working with its Web host the Government Printing Office, will also offer its on-line publications in ASCII and as portable data files (PDF). NCD will be adding video and audio capabilities with captioning and video description. These developments enable the NCD staff and members to post information on the Web that all people can instantly access. This is part of NCD's effort to increase public awareness of disability policy by disseminating information in a cost-effective and timely manner.

NATIONAL COUNCIL ON DISABILITY

An Independent Federal Agency

FY 2001 BUDGET REQUEST

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FISCAL YEAR 2001 BUDGET REQUEST

To

Office of Management and Budget

March 30, 2000

NATIONAL COUNCIL ON DISABILITY
FY 2001 Budget Request

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INTRODUCTION

This document presents the National Council on Disability's (NCD) budget justification for Fiscal Year (FY) 2001. We are requesting a total budget authority of $2,615,000.00.

The modest increase in funding for FY 2001 will provide NCD resources to conduct its research and contractual activities, three additional staff positions, cost of living increases, and the increased costs associated with printing and rent.

EXECUTIVE SUMMARY

History

Established in 1978 as an advisory board within the Department of Education (Public Law 95-602), NCD was transformed into an independent federal agency by the Rehabilitation Act Amendments of 1984 (Public Law 98-221). NCD consists of 15 members appointed by the President of the United States and confirmed by the U.S. Senate.

Vision

The United States will be a stronger country when its 54 million citizens with disabilities of all ages and backgrounds are fully integrated into all aspects of American life. We have made significant progress in recent years in furthering opportunities for education, employment, and independent living for people with disabilities through a broad range of programs that protect the rights of individuals with disabilities from discrimination in education, employment, housing, and transportation. Yet significant barriers remain to achieving the goals of independence, inclusion, and empowerment for all people with disabilities. Conflicting, poorly designed or outdated government programs and policies combine with service gaps and continued negative attitudes toward people with disabilities serve to marginalize the 54 million Americans with disabilities. The effects of these barriers on both people with disabilities and society are enormous. Physical and spiritual isolation rob individuals of energy, creativity, and productivity. Society loses both by not enjoying the benefits of their talents and by incurring large costs to supporting them.

When NCD brought together a diverse group of disability community leaders from around the country in 1996, a consensus emerged that our public policies and programs needed to undergo a paradigm shift that truly mirrored the values of the Americans with Disabilities (ADA). NCD captured the consensus recommendations of the participants in a report entitled *Achieving Independence.* As the only agency in the Federal Government addressing the issues of all people with disabilities of all ages and backgrounds, regardless of type or severity, NCD will be aggressive and resolute until the day arrives when people with disabilities in every corner of the land no longer are distinguished by a disability label, but are known as students, workers, parents, neighbors and friends.

Mission Statement

The mission of NCD is to promote the full inclusion, independent living, and economic self-sufficiency of people with disabilities of all ages and backgrounds by providing advice, analysis, and recommendations on disability policy to the President, Congress, and other federal agencies.

FY 2000 Proposed Priorities

How many last year? Cost? Benefits?

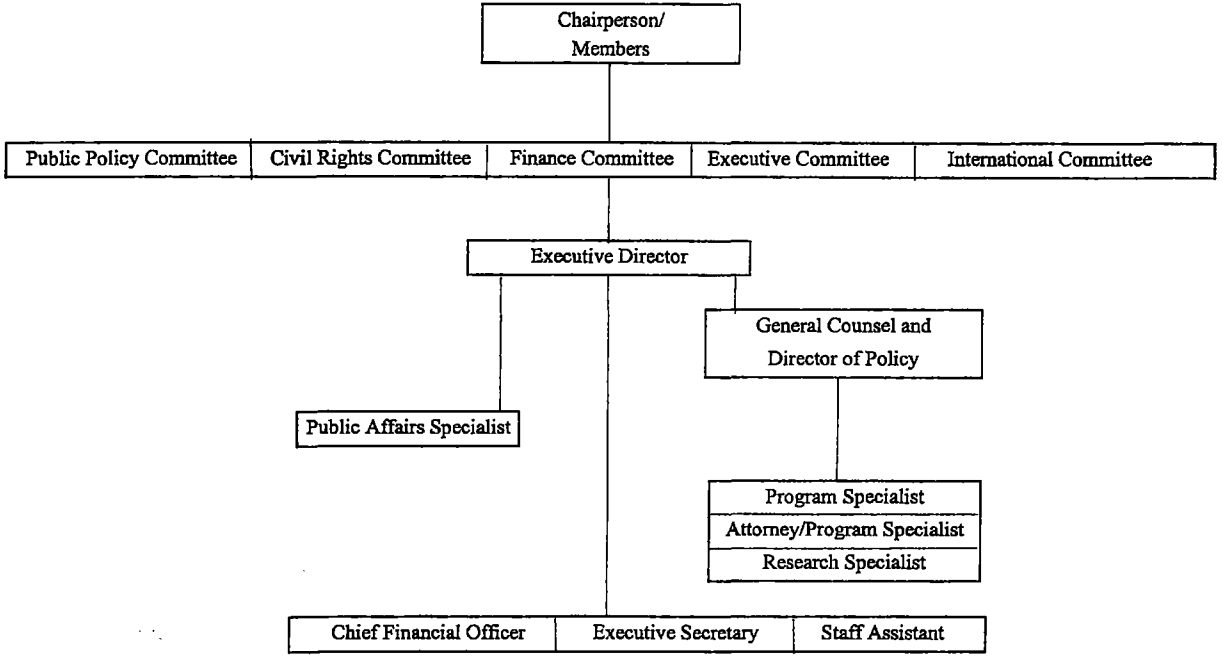
NCD's proposed priorities for FY 2000 include the implementation of a policy fellowship program for new and emerging leaders with disabilities; completion of a study of federal policies affecting access to technology for people with disabilities; and completion of the first phase of the Disability Civil Rights Monitoring Project, which looks at the implementation and enforcement of disability civil rights laws. NCD will conduct a forum and ten regional meetings in order to gather input on the national enforcement agenda developed from the Disability Civil Rights Monitoring Project reports. NCD will seek to address the unique issues facing youth, minority, and rural residents with disabilities within these priorities. NCD will continue to work as a part of the Presidential Task Force on Employment of Adults with Disabilities (the creation of which occurred as a result of an NCD recommendation in *Achieving Independence*). A description of the FY 2000 activities is included in Appendix A.

In FY 2000, the United States will celebrate the 10th anniversary of the passage of ADA and the 25th anniversary of the passage of the Individuals with Disabilities Education Act (IDEA). These milestones present an opportunity to retool and reinvigorate federal enforcement of disability civil rights laws so that more Americans with disabilities and their families can enjoy equal access to the American dream. Too many children and adults with disabilities and their families are unaware of their rights under federal law to be free from discrimination and are unable to enforce that right. The Disability Civil Rights Monitoring Project will assess federal civil rights enforcement in the past and evaluate how these important laws can be translated into real equality of opportunity for all Americans.

Proposed FY 2001 Priorities

In FY 2001, NCD will build upon FY 2000 activities. NCD proposed activities for FY 2001 include the continuation of the second phase of the Disability Civil Rights Monitoring Project, which includes continued work from the Fair Housing Act study and the Rehabilitation Act study that began in FY 2000; the production of a disability civil rights primer for foreign governments; an assessment of the process for addressing civil rights compliance of various agencies at the local level; and a study of civil rights enforcement in higher education. A description of the FY 2001 activities is included in the Narrative Justification, Other Services, Pages 19 and 20.

NATIONAL COUNCIL ON DISABILITY
ORGANIZATION CHART



PROPOSED APPROPRIATIONS LANGUAGE

National Council on Disability

Salaries and Expenses

For expenses necessary for the National Council on Disability as authorized by the Rehabilitation Act of 1973, as amended, _____ - (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act).

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ANALYSIS OF LANGUAGE PROVISIONS AND CHANGES

There are no proposed changes in the appropriation language.

AUTHORIZING LEGISLATION

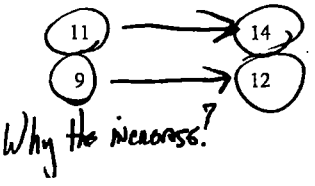
The National Council on Disability (NCD) was initially established in 1978 as an advisory board within the Department of Education (Public Law 95-602). The Rehabilitation Act Amendments of 1984 (Public Law 98-221) transformed NCD into an independent agency and required NCD to provide expert advice to Congress and the Administration. Changes were made to NCD's statutory mandate by the Rehabilitation Act Amendments of 1992 and 1998 and the Education of the Deaf Act Technical Amendments of 1993.

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BUDGET AUTHORITY AND STAFFING BY ACTIVITY

Salaries and Expenses

	FY 1999	FY 2000	FY 2001
Budget Authority	2,344,000	2,400,000	2,615,000
FTE	11	11	14
Positions (FTP)	9	9	12



SUMMARY OF CHANGES

Fixed Costs

11. Total Personnel Compensation. The FY 2000 estimate is $865,000. The FY 2001 request is $980,000. This request covers the compensation for 14 FTEs, 12 full-time staff as well as the per diem allowance of NCD members. This amount also includes funds for staff awards and overtime. What increase from Last year ? CFL ?

12. Personnel Benefits: Civilian. The FY 2000 estimate is $160,500. The FY 2001 request is $192,900. The personnel benefits are a direct function of the amount budgeted for salaries.

21. Travel. The FY 2000 estimate is $140,000. The FY 2001 request is $160,000. This increase is due to the projected increase in the cost of airline flights and to cover the cost of travel for three additional staff.

23. Rental Payments to GSA. The FY 2000 estimate is $125,000. The FY 2001 request is $140,000. The Council's office space is arranged through the General Services Administration (GSA). The amount requested for FY 2001 reflects the cost payable to GSA per its leasing arrangement with NCD's landlord and for any renovations that might be needed in order to accommodate the new staff positions.

Program Changes

25. Other Services. The FY 2000 Budget Request estimate is $862,000. NCD estimates $887,100 in this category for FY 2001. This category includes meetings and support services for meetings, GSA support services, maintenance and service contracts, staff development and training activities. The increase for FY 2001 is primarily to expand NCD's research and contractual capability. Due to a limited number of staff, NCD leverages its resources by using outside contractors. NCD requires resources for external research expenditures in order to fulfill its statutory mandates and to conduct several key policy activities. These activities will assist NCD in providing disability policy options and recommendations to the Administration and Congress. NCD serves as an incubator for a variety of emerging issues and recommendations in the disability community. NCD's 1996 report, *Achieving Independence,* included recommendations, that led to President Clinton's executive order establishing a National Task Force on Employment of Adults with Disabilities. NCD is a member of the Task Force that is charged with the goal of increasing the employment rate of people with disabilities to a rate closer to the general employment rate in the United States.

During FY 99, in its efforts to provide quality research in areas of interest to people with disabilities, and in response to its congressional mandate, NCD worked in four areas. They were: 1) broadening participation of youth and minorities with disabilities in the policy process; 2) working to monitor and improve the enforcement and implementation of civil rights laws for people with disabilities; 3) working to reorient public programs to support work; and 4) bringing

a disability perspective to generic policy discussions. A summary of FY 99 activities is included in Appendix B.

26. Supplies, Materials and Publications. The FY 2000 estimate $55,500. The FY 2001 request is $60,000, which includes funds to be used for electronic data systems and subscriptions to various disability publications. (what kind?

31. Equipment. In FY 2000, NCD budgeted $20,000 for equipment in order to replace NCD's outdated computer system. NCD is requesting $10,000 for equipment in FY 2001. These funds are needed to replace or purchase any equipment for accommodations needed by staff or members. Funds will also be used to purchase equipment for the three new staff.

What kind of Equipment.

ANALYSIS OF CHANGE: FY 2000 TO FY 2001

	FY 2000	FY 2001	CHG FROM FY2000 TO FY2001 REQ'STED	% OF INCREASE FRM FY2000 TO FY2001
BUDGET AUTHORITY	$2,400,000.00	$ 2,615,000.00	$ 215,000.00	8.96%
AMT AVAIL FOR OBL	$2,400,000.00	$ 2,615,000.00	$ 215,000.00	8.96%
*FULL-TIME PERMANENT	$ 645,000.00	$ 745,000.00	$ 100,000.00	15.50%
*OTHER THAN FULL-TIME	$ 205,000.00	$ 215,000.00	$ 10,000.00	4.88%
OTHER PERSONNEL COMP	$ 15,000.00	$ 20,000.00	$ 5,000.00	33.33%
TOTAL PERSONNEL COMP	$ 865,000.00	$ 980,000.00	$ 115,000.00	13.29%
*CIVILIAN PERSONNEL BENEFITS	$ 160,500.00	$ 192,900.00	$ 32,400.00	20.19%
TRAVEL	$ 140,000.00	$ 160,000.00	$ 20,000.00	14.29%
*RENT PAYMENTS (GSA)	$ 125,000.00	$ 140,000.00	$ 15,000.00	12.00%
COMMUNICATIONS	$ 107,000.00	$ 115,000.00	$ 8,000.00	7.48%
PRINTING	$ 65,000.00	$ 70,000.00	$ 5,000.00	7.69%
OTHER SERVICES	$ 862,000.00	$ 887,100.00	$ 25,100.00	2.91%
SUPPLIES, MATERIALS, AND PUBLICATIONS	$ 55,500.00	$ 60,000.00	$ 4,500.00	8.11%
EQUIPMENT	$ 20,000.00	$ 10,000.00	$ (10,000.00)	-50.00%
TOTAL OBLIGATIONS	$2,400,000.00	$ 2,615,000.00	$ 215,000.00	8.96%

*FIXED COST ITEMS

AMOUNTS AVAILABLE FOR OBLIGATION

	FY 2000 Estimate	FY 2001 Request	Net Change
Budget Authority	2,400,000	2,615,000	215,000
Outlays	1,920,000	2,092,000	172,000
FTE	11	14	3
Positions (FTP)	9	12	3

APPROPRIATIONS HISTORY

Salaries and Expense Account
(Amounts in thousands of dollars)

Fiscal Year	Budget Authority
1980	25
1981	205
1982	197
1983	198
1984	500
1985	750
1986	732
1987	860
1988	871*
1989	1,160
1990	1,540
1991	1,439
1992	1,569
1993	1,541
1994	1,690
1995	1,793
1996	1,793
1997	1,791
1998	1,793
1999	2,344
2000	2,400
2001	2,615

* FY 1988 amount reflects reductions pursuant to Public Law 100-436.

CONGRESSIONAL DIRECTIVES

Please note that there were no Congressional directives included in the National Council on Disability's (NCD) last appropriation. However, NCD was directed by the Assistive Technology Act of 1988 to conduct a study and make recommendations to Congress and the President concerning federal laws, regulations, procedures, and practices that facilitate or impede the ability of states to develop and implement consumer-responsive statewide programs of technology-related access for people with disabilities.

SUMMARY OF REQUEST

NCD is asking for a moderate increase in FY 2001. In summary, the National Council on Disability requests $2,615,000 in funds for FY 2001. NCD received its first increase in FY 99 of less than 29 percent after being level funded for four years.

When NCD brought together a diverse group of disability community leaders from around the country in 1996, a consensus emerged that our public policies and programs needed to undergo a paradigm shift that truly mirrored the values of the Americans with Disabilities (ADA). NCD captured the consensus recommendations of the participants in a report entitled *Achieving Independence.*

NCD's work has helped focus the Federal Government on the issue of increasing employment opportunities for people with disabilities, both through Congressional efforts to improve work incentives available to Social Security recipients and through the interagency collaboration of the President's Task Force on the Employment of Adults with Disabilities. As NCD's early work and recommendations bear fruit in the area of employment, NCD is poised to reinvigorate federal enforcement of disability civil rights laws through our Disability Civil Rights Monitoring Project reports and the follow-up they will require. The first of these reports, addressing the enforcement of the Air Carrier Access Act, is already having a positive impact at the Department of Transportation and in Congressional actions to strengthen the law's protections.

As an independent agency with strong ties to the grassroots disability community, NCD is uniquely positioned to continue to bring attention to areas where federal policies and programs fall short of their potential. NCD believes that it can and should be a valuable and effective force in proposing and evaluating cost-effective ways to support the President's goals of independence, integration, and empowerment for people with disabilities within necessary fiscal restraints. NCD is the only federal agency charged with reviewing all programs, laws, and policies affecting this country's 54 million citizens with disabilities of all ages and backgrounds regardless of type or severity of disability.

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NARRATIVE JUSTIFICATION

The National Council on Disability's (NCD) Budget Request for FY 2001 is in the amount of $2,615,000. A detailed breakdown and justification of this request are as follows:

OBJECT CLASS 11: PERSONNEL

What does this mean?

A. FTEs

For FY 2001, NCD requests 14.0 FTEs. This request includes the executive director and eleven full-time employees, as well as two FTEs to cover the per diem salaries of NCD members.

At the present time, the chairperson and members of NCD are involved in a number of interagency working groups and advisory committees that require their participation and attendance at frequent meetings in Washington, D.C. These advisory groups and committees include: the President's Task Force on Employment of Adults with Disabilities; the President's Committee on Employment of People with Disabilities; the Office of Special Education and Rehabilitative Services, the National Institute on Disability and Rehabilitation Research; and the Rehabilitation Services Administration; the National Center for Medical Rehabilitation Research; and the Center for Disease Control and Prevention.

In addition to standing committees and working groups, NCD members are requested to serve on many disability-related task forces established by other agencies and private entities as a result of the enactment of the Americans with Disabilities Act and NCD's Congressionally mandated monitoring role regarding the implementation of this important legislation.

NCD has been designated by the U.S. Department of State as the official liaison with the special rapporteur on disability within the United Nations and to serve as a representative to the Third Committee on Social Development and Human Rights regarding the development of U.S. foreign policy on disability issues.

The position of executive director is responsible for the day-to-day administrative, policy, and communications activities of NCD. The attorney advisor/director of public policy position prepares policy recommendations on disability-related issues and represents NCD with members of Congress, officials of federal agencies, constituency and other groups.

Two program specialists and a research specialist conduct ongoing inquiries into the most pressing problems facing people with disabilities, produce policy reports and draft recommendations, track important legislative and policy issues, maintain and expand interagency relations regarding the development and evaluation of well-coordinated disability policy, and provide programmatic information and referral services. The public affairs specialist is responsible for monitoring all media coverage of issues impacting on people with disabilities, developing and producing informational materials for the public, developing an agency communications plan, arranging interviews between the media and NCD members, and publicity

regarding NCD events (such as quarterly meetings and hearings) to promote a high degree of public participation in NCD activities. The administrative and operational staff members include an accountant (chief financial officer), an executive secretary, and a staff assistant. The accountant is responsible for developing and maintaining integrated budget, accounting and financial management systems. The of the secretary and staff assistant include typing and filing, answering the telephones and directing callers to the appropriate staff, as well as record-keeping and other supportive activities.

NCD is requesting three new FTEs. Two of the FTEs will be used to cover the fellowship program positions. These positions, while temporary and not to exceed one year, appointments, will include health and other benefits. The third FTE will be divided to cover reading services for staff that are blind, visually impaired and or deaf and for clerical support for the chairperson. The recent passage of the Rehabilitation Act lifted/ended a congressional cap on NCD's FTEs. Currently, reader services are provided contractually and clerical support, to the chairperson, is performed by staff in addition to their regular duties.

B. FULL-TIME POSITIONS

For FY 2001, NCD requests a budget of $745,000 for salary expenses associated with full-time employees. This amount represents the projected cost for a total of 12 full-time positions including cost of living and step increases. Ten positions would be full-time permanent positions and two positions would be full-time temporary slots to cover two policy fellows.

C. OTHER THAN FULL-TIME POSITIONS

Two hundred and fifteen thousand dollars ($215,000) is budgeted for compensation of NCD members during FY 2001. NCD members are paid at an Executive Level IV rate as required by statute. This budgeted amount reflects the intention of members to be actively involved and familiar with the activities and affairs of NCD. It also reflects previous utilization rates and projected actual activities.

D. SALARY OVERTIME/AWARDS

A total of $20,000 is budgeted for overtime and awards for staff.

E. OTHER PERSONNEL COMPENSATION AND BENEFITS

A total of $192,900 is budgeted for other personnel compensation and benefits during FY 2001. Personnel benefits are a direct function of the amount of budgeted salary and wages.

OBJECT CLASS 21: TRAVEL

A. NCD MEMBERS

How many meetings last year ___
How many staff traveled ___
Projected travel to meetings is based upon what? ___ 17

The 15 NCD members receive, by law, reimbursement of travel expenses associated with the four meetings required annually and with other meetings that NCD may schedule. NCD members are also reimbursed for travel to meetings, consumer forums, professional conferences, and other official functions where they represent NCD. Because most NCD members are people with disabilities, it is important to note that additional travel costs may be required for personal assistants. One hundred thousand dollars ($100,000) is budgeted for travel by NCD members in FY 2001.

B. STAFF

Staff travel is budgeted at $35,000 for FY 2001. Staff members are required to travel to NCD meetings, some of which are held outside of the District of Columbia. Historically, NCD has assigned a high priority to conducting consumer forums and hearings in various cities nationwide to allow people with disabilities to express their views directly to NCD members and staff.

Staff members will be required to assist in arranging and conducting the forums and hearings planned during this Fiscal Year. Additionally, staff members will also participate in various professional meetings and conferences, and make site visits to programs serving people with disabilities, which are supported with federal funds. As was previously mentioned under NCD members' travel, staff members also include people with disabilities who may require additional travel costs for personal assistants.

C. COUNCIL ADVISORS

NCD is committed to involving leaders in disability policy and research from across the nation as advisors to participate with NCD in many roles. NCD plans to involve a select number of advisors in its scheduled meetings and consumer forums and hearings during FY 2001. NCD will reimburse participants at these meetings for travel and per diem. No funds will be used to pay salaries for advisors in these meetings. Twenty-five thousand dollars ($25,000) is budgeted for travel of NCD advisors in FY 2001.

OBJECT CLASS 23: RENTAL PAYMENTS TO GSA

NCD currently occupies office space at 1331 F Street, NW, in Washington, D.C., and maintains storage space at the Department of Transportation building located at 7th and D Streets SW, Washington, D.C. Leasing arrangements are coordinated for NCD through the General Services Administration. During FY 2001 NCD will be responsible for $140,000 in rental payments through its lease and to cover the cost of renovation, if needed, to accommodate the new positions.

OBJECT CLASS 23: COMMUNICATIONS, UTILITIES, AND MISCELLANEOUS CHARGES

A. TELEPHONES

NCD's budget includes an estimated $70,000 for telephone service and maintenance during FY 2001. This estimate is based on historic costs as well as costs associated with NCD's need to maintain responsibility for its total telephone expenditures. This amount also includes the cost of conference calls for Council committees; a much more cost-effective method for conducting interim business than bringing various committee members together for face-to-face meetings.

NCD's operations require the use of telephones and text telephones for both local and long distance calling to maintain communications with NCD members, advisors, other agencies, private organizations, and members of the public. The staff and members provide outreach, information, and referral services. NCD is connected to the Internet. NCD's Web page (**http: //www.ncd.gov**) is maintained by the Government Printing Office (GPO), and it is fully accessible. This was confirmed by the award and validation NCD received from the Center for Applied Science and Technology and the Worldwide Web Consortium. Higher costs in this category are due to on-line charges. NCD receives numerous requests for information from people across the country. NCD's award-winning Web page receives more than 5,000 hits per month.

B. POSTAGE AND DELIVERY

NCD maintains regular communications with people with disabilities, agencies, organizations, and with private provider organizations serving people with disabilities. Frequent mailings are also made to NCD members, advisors, and people interested in disability issues nationwide. NCD distributes its monthly newsletter to approximately 11,000 individuals and organizations nationwide. Postage is also needed for the dissemination of NCD's reports. In addition, NCD's business requires the occasional use of local delivery and messenger services to ensure prompt and safe delivery of documents to other agencies located in Washington, D.C. Forty-five thousand dollars ($45,000) have been budgeted for these purposes in FY 2001.

OBJECT CLASS 24: PRINTING AND REPRODUCTION

NCD has budgeted $70,000 in FY 2001 for printing costs. These costs will include: a) printing a monthly bulletin that is sent to 11,000 people with disabilities, professionals, and organizations interested in disability issues nationwide; b) printing a statutorily mandated special report on the status of disability policy to the President and Congress; and c) other public information materials and monographs as required. Several of NCD's research activities will generate reports that will require publishing. In addition, it is NCD policy to regularly produce materials in braille, large print, on diskette and on cassette tape, to accommodate readers who are visually impaired. NCD contracts with the American Printing House for the Blind for such services.

Some NCD documents are printed in languages other than English in order to ensure that the information is reaching the diverse populations of this country.

OBJECT CLASS 25: OTHER SERVICES

A. RESEARCH AND CONTRACTUAL SERVICES

NCD has budgeted $887,100.00 to be used for research studies and contracts during FY 2001. As indicated previously, NCD's priorities are based upon recommendations from stakeholders and are based upon the goals and objectives outlined in NCD's strategic plan. Research studies and projects are commissioned by NCD when it is necessary to enlist the support of outside individuals and groups who possess expertise not available within NCD itself. Given the limited size of our agency, the judicious use of external research studies and projects substantially enhances our capability to meet our basic mandate 'to provide expert advice to the Administration and Congress on disability policy issues'.

In fact, one of NCD's recommendations in its 1996 report, *Achieving Independence*, led to President Clinton's executive order bringing the power of government to bear in an attempt to increase the employment rate of people with disabilities to a rate closer to the general employment rate in the United States. To that end, the President established a National Task Force on Employment of Adults with Disabilities to carry out this important effort. NCD is a member of the Task Force.

NCD's research activities in FY 1999 focused on monitoring the enforcement and implementation of the civil rights laws for people with disabilities. Youth, minority, and rural residents with disabilities were included.

NCD found that key information related to the rights and services available to people with disabilities is not reaching a large segment of the population, especially minorities and rural residents with disabilities. NCD conducted a minority and rural residents outreach roundtable on August 4, 1997, in Atlanta, Georgia. More than 100 participants discussed these critical issues and the roles each could play in providing outreach to these groups. In a continuing effort to develop traditional and nontraditional outreach strategies that can be used by federal agencies to reach these vulnerable populations, NCD conducted a public hearing on meeting the unique needs of children and youth with disabilities from minority and rural communities in January 1998 in New Orleans, Louisiana. Information from these two meetings and an additional public hearing that was held last summer in San Francisco, will shape NCD's policy development in this critical area.

NCD has a number of projects under review for FY 2001 that directly reflect the interests and concerns that thousands of people with disabilities have brought to the agency's attention. This includes the more than 300 people with disabilities in attendance at the National Disability Policy Summit held in FY 1996, the 200 youth who participated in the FY 1997, FY 1998, and FY 1999 Youth with Disabilities Leadership Development Conferences, the individuals who

provided testimony at the 13 regional return-to-work hearings held across the country, and the meetings described previously on outreach to minorities and rural residents with disabilities and other underrepresented populations. NCD's FY 2001 initiatives build on its FY 2000 work plan, capitalizing upon NCD's ability to play a unique and valuable role in the federal policy process. With the requested budget increase, NCD will focus on the following proposed projects:

FY 2001

a. Civil Rights Enforcement

NCD will conduct Phase II of the 504/ADA study to evaluate the civil rights enforcement in higher education and review the other agencies not evaluated under Phase I. Are college students with disabilities getting necessary accommodations at their schools, from summer and work-study employers, from academic testing services, etc.? Do they know where to go when they believe their rights have been violated? Are elite schools competing with each other to enroll qualified students with disabilities? Are students with disabilities benefiting from affirmative action? In addition, what is happening on the private recruitment side? How are corporate recruiters approaching discussions of accommodations in campus interviews? Are corporate recruiters affirmatively requesting students with disabilities to interview? This study would probably involve close review of OCR complaints at Education, EEOC data, and some sampling of colleges, junior colleges, technical schools and universities. Historically Black colleges and universities will be included in the sample.

NCD will conduct a study to evaluate the extent to which people with mental disabilities living in institutions are being served consistent with the requirements of the Civil Rights of Institutionalized Persons Act (CRIPA) and ADA. The Supreme Court's decision in *L.C. vs. Olmstead* raises a number of issues for implementation. By the time this project is underway, HCFA, DOJ, and HHS-OCR will have had an opportunity to interpret the *Olmstead* case and issue guidance to the states. Our study would look at institutional practices in a sampling of states, (varying from ones with best practices to ones with documented violations), make findings about existing practices and offer recommendations that will improve the quality of lives and safeguard the human and civil rights of people with mental disabilities living in institutions.

b. International

NCD will produce a report assessing U.S. compliance with the UN Standard Rules, and monitor compliance by USAID and the Department of State with their policies on inclusion of people with disabilities and their families in their activities.

c. Status Update on Achieving Independence and Emerging Issues

NCD will conduct a study to assess the implementation of recommendations in its 1996 publication, *Achieving Independence: The Challenge for the 21st Century*. For instance, one of the key recommendations from *Achieving Independence* was the need to monitor the enforcement and implementation of the Americans with Disabilities Act and other disability civil rights laws for people with disabilities. This recommendation was the impetus for NCD creating the Disability Civil Rights Monitoring Project. The first report

from this study on the enforcement of the Air Carrier Access Act was released in April 1999. Some of the recommendations from this report have already been implemented by the Department of Transportation. Congressional members are reviewing the recommendations for possible amendments to the Federal Aviation Act. In addition, another key recommendation from *Achieving Independence* was the need to increase employment opportunities for people with disabilities. This recommendation led to President Clinton's executive order establishing a National Task Force on Employment of Adults with Disabilities. Also, this funding will allow NCD to evaluate emerging issues that might occur during FY 2001.

d. Other Research and Contractual Activities

NCD uses contractors from time to time to supplement the work of staff on various projects, especially in those instances where we need to go beyond the capacity of our limited staff.

B. GSA SUPPORT SERVICES CONTRACT

NCD is authorized by statute to contract with the General Services Administration (GSA) for technical and administrative assistance. Sixty-five thousand dollars ($65,000) is budgeted for these services for FY 2001. During FY 1999, GSA's costs increased. GSA began to bill NCD for administrative and overhead costs that they incurred. This had not been included in prior years. The contract provides required assistance in payroll, personnel matters, contracting, accounting, regulation development, ~~and overall conformity with~~ federal rules and practices, and internal policy development, ~~as~~ required of independent agencies such as NCD.

C. READERS, INTERPRETERS, PERSONAL ASSISTANTS, AND MEETING SUPPORT

In addition to using expert contractors to develop specific data and background information, NCD, in accordance with the Rehabilitation Act, provides interpreters for people who are deaf and hard of hearing, readers for people with visual impairments, and personal care assistants for members and staff with severe disabilities. The temporary employment, by contract, of such providers is directly related to the nature of the work performed by NCD and to the explicitly stated policy of affirmative action and outreach to which NCD subscribes.

Accessible ~~space~~ and public address systems for meetings must be secured on a contractual basis. ~~The estimated cost for meeting space rental, readers, interpreters, personal assistants,~~ and other meeting support costs such as taping services and assistive communication services (such as audio loops) is $160,000.

D. TRAINING

In order for NCD staff to stay current with critical issues facing people with disabilities and improve their technical skills, participation in training programs is necessary. After training needs are identified in individual staff development plans, training is provided in appropriate

content areas such as contract management, computer technology, financial management, supervision, management, and other areas. The sum of $10,000 has been budgeted for that purpose in FY 2001.

E. MISCELLANEOUS

In order to provide maintenance and service contracts for the office computer system and copying equipment, health unit contract, and reader services in the office for staff, NCD has budgeted $30,000 in this category.

OBJECT CLASS 26: SUPPLIES, MATERIALS AND PUBLICATIONS

NCD's budget includes $60,000 for purchase of supplies, materials and publications for FY 2001. This amount includes supplies for mailing, copying, and ordinary office supplies such as paper, pens, and pencils. Also budgeted are funds for the purchases of computer software, library materials, and for subscriptions to relevant scientific, technical, and policy-oriented publications.

NCD subscribes to various electronic information services in order to provide members and staff current technical information. The cost for these services is included in this category.

OBJECT CLASS 31: EQUIPMENT

As one of the most visible agencies in the Executive Branch with sole responsibility to provide expert advice on disability policy, it is essential that NCD serve as a model in the area of ensuring that all of our work is accessible to people with disabilities. In order to ensure full access for people with disabilities, we are requesting $10,000 under this category in FY 2001 to replace or purchase any equipment for accommodations needed by staff or members.

MEMBERS OF THE NATIONAL COUNCIL ON DISABILITY

Name	Term Expiration
March Bristo, Chairperson Access Living of Metropolitan Chicago 310 South Peoria, Suite 201 Chicago, IL 60607	9-17-98
Kate P. Wolters, First Vice Chairperson 2260 Cascade Springs Drive Grand Rapids, MI 49546	9-17-98
Hughey Walker, Second Vice Chairperson PO Box 807 333 Cleland Street Georgetown, SC 29442	9-17-96
Yerker Andersson, Ph.D. 6141 Fieldcrest Drive Frederick, MD 21701	9-17-99
Dave N. Brown 7840 Warbler Court SE Olympia, WA 98513	9-17-98
John D. Kemp VSA 1300 Connecticut Ave., NW Washington, D.C. 20036	9-17-97
Audrey McCrimon Illinois Department of Human Services 401 S. Clinton Street, 7th Floor Chicago, IL 60607	9-17-97
Gina McDonald Kansas Association of Centers for Independent Living 1423 West Crawford Street Salina, KS 67401	9-17-98

Bonnie O'Day, Ph.D. 5563 Seminary Road, Apt. 316 Falls Church, VA 22041	9-17-98
Lilliam Rangel-Diaz 5973 SW 42nd Terrace Miami, FL 33155	9-17-96
Debra L. Robinson 158 N 23rd Street, #516 Philadelphia, PA 19103	9-17-97
Shirley W. Ryan Pathways Awareness Foundation 123 North Wacker Drive, Suite 900 Chicago, IL 60606	9-17-94
Michael B. Unhjem 4510 13th Avenue SW Fargo, ND 58121	9-17-93
Rae Unzicker 804 S. Phillips Avenue Sioux Falls, SD 57104	9-17-97
Ela Yazzie-King Box 279 Lupton Road South St. Michaels, AZ 86511	9-17-99

APPENDIX A
PLANNED ACTIVITIES SUMMARY--FY 2000

The National Council on Disability (NCD) is an independent federal agency making recommendations to the President and Congress on disability policy. While many government agencies deal with issues and programs affecting people with disabilities, NCD is the only federal agency charged with addressing, analyzing, and making recommendations on issues of public policy that affect people with disabilities regardless of age, disability type; perceived employment potential, economic need, specific functional ability, status as a veteran, or other individual circumstance. NCD recognizes its unique opportunity to facilitate independent living, community integration, and employment opportunities for people with disabilities by ensuring an informed and coordinated approach to addressing the concerns of people with disabilities and eliminating barriers to their active participation in community and family life.

NCD plays a major role in developing disability policy in America. In 1996, NCD convened a diverse group of more than 300 leaders from the disability community for a policy summit. After NCD published the recommendations that emerged from that summit in its report *Achieving Independence: The Challenge for the 21st Century*, it began to study four key civil rights statutes for people with disabilities. That progress is measured each year in NCD's *National Disability Policy: A Progress Report*.

NCD has budgeted $1,091,000 to be used for research studies and contracts during FY 2000. As indicated previously, NCD's priorities are based upon recommendations are based upon the goals and objectives outlined in NCD's strategic plan. Research studies and projects are commissioned by the Council when it is necessary to enlist the support of outside individuals and groups who possess expertise not available within the Council itself. Given the small size of our agency, the judicious use of external research studies and projects substantially enhances our capability to meet our basic mandate: to provide expert advice to the Administration and the Congress on disability policy issues. There are a number of projects that we are considering for FY 2000 that directly reflect the interests and concerns of more than 300 people with disabilities in attendance at the National Disability Policy Summit held in FY 1996, and the 50 youth at the FY 97 Youth with Disabilities Leadership Development Conference, and the individuals who provided testimony at the 13 regional return-to-work hearings held across the country and the meeting on outreach to minorities and rural residents with disabilities. The Council's FY 2000 initiatives builds on its FY 99 work plan, capitalizing upon the Council's ability to play a unique and valuable role in the federal policy process. With the requested increase, NCD will focus on the following proposed projects:

a. Return-to-Work

Recognizing that the promise of the Americans with Disabilities Act cannot be realized until barriers to employment in other government programs are removed, NCD launched a major initiative in FY 97 to develop policy proposals that would make Social Security programs change their emphasis from fostering dependence to promoting independence of people with disabilities with better incentives to leave the benefit rolls and return to the labor force. We sponsored an

initial summit of 40 leaders in these issues, followed by 13 public hearings around the country to refine the summit proposals. Our recommendations have been presented in a formal report to the President and Congress, and we continue to promote them. This project is consistent with NCD's mandate to review and evaluate on a continuing basis, policies that operate as disincentives for individuals to seek and retain employment. This also relates to NCD's mandate to make recommendations to the President, Congress and other federal agencies, respecting ways to better promote equal opportunity, economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for Americans with disabilities. NCD plans to conduct a research study to evaluate the effectiveness of the SSA agreements of state projects that were designed to increase the employment of individuals with disabilities.

b. Civil Rights Monitoring

NCD's mandate includes the monitoring of ADA and other civil rights laws. FY 2000 will market the tenth anniversary of the Americans with Disabilities Act. NCD will conduct 50 state town meetings on the success of ADA, and study of the 10-year impact and success of the ADA with a culmination activity in DC. Focus groups on what the impact of ADA has been on the lives of minorities with disabilities will be held in conjunction with the town meetings. In addition to the above, NCD will conduct a one year study to monitor the enforcement of Title V of the Rehabilitation Act, the Civil Rights of Institutionalized Persons Act and the Voting Accessibility for the Elderly and Handicapped Act.

c. Youth Leadership Development

The National Council on Disability has sponsored two youth leadership development initiatives and plans to continue leadership development for youth with disabilities. According to the National Institute on Disability and Rehabilitation Research, there are approximately 6.5 million children and youth with disabilities in this country. The purpose of youth leadership is to provide a forum for youth with disabilities to learn about their rights, about laws that protect them and provide services/programs leading to living independently, and to exchange ideas among youth with disabilities throughout the country.

Plans for FY 2000 include a program for a student interns, mentoring program, leadership training in a national conference including youth age 15-24 from all 50 states and territories. Included in NCD's mandate is the responsibility to review and evaluate on a continuing basis, new and emerging disability policy issues affecting individuals at the federal, state, and local levels, and in the private sector, including school reform efforts and the impact of such efforts on individuals with disabilities, and policies that operate as disincentives for individuals to seek and retain employment. This project falls under this mandate and gives NCD an opportunity to hear from the youth in this country about their concerns as they relate to federal and state programs.

d. Study of Incarcerated Youth with Disabilities

According to NCD's mandate, NCD has a responsibility on a continuing basis to review and evaluate policies, programs, practices and procedures concerning individuals with disabilities conducted or assisted by federal departments and agencies, including programs established under the Rehabilitation Act of 1973, as amended, or under the Developmental Disabilities Assistance

and Bill of Rights Act, the Individuals with Disabilities Education Act, as well as all statutes and regulations pertaining to federal programs that assist individuals with disabilities, in order to assess the effectiveness of such policies, programs, practices, procedures, statutes, and regulations in meeting the needs of individuals with disabilities.

Research indicates that approximately 84,000 juveniles are incarcerated in detention centers and correctional facilities in the U.S. It has been estimated that 28 percent of these youths have been identified as having disabilities. There is some evidence that this estimate is low. Studies have found that even higher numbers were identified as disabled by their school districts prior to their incarceration. The most common disabling conditions among incarcerated youth are mild to moderate mental retardation, learning disabilities, and behavior disabilities.

Under the Individuals with Disabilities Education Act, a youth with a disability who is incarcerated has the right to a free, and appropriate education as any other youth with a disability.

According to information NCD gathered at its hearings, a high percentage of incarcerated youth with disabilities are from minority populations. Adolescents with disabilities are disproportionately incarcerated. In addition, incarcerated youth with disabilities are not receiving special education.

NCD proposes to conduct a study to determine what is happening with incarcerated youth with disabilities. Are they receiving adequate and appropriate services?

e. Study of People with Disabilities Living in Institutions

Since the de-institutionalization movement started in the 1960's, more remains to be done. Thousands of individuals with disabilities continue to live in large institutions and nursing homes when they could live in smaller community settings. NCD will undertake a 12-month study to determine how people with disabilities living in institutions are faring?

f. Housing

People with disabilities are currently the population group in most need of federal housing assistance. The U.S. Department of Housing and Urban Development's (HUD) *1994 Report to the Congress on Worst Case Housing Needs,* states that people with disabilities often have multiple housing problems and are the group most likely to live in severely inadequate housing. NCD will follow-up on the recommendations from the meeting held during FY 99 to improve the housing situation for people with disabilities.

g. Technology

Computer and telecommunication technologies hold great potential for equalizing opportunities for people with disabilities in education, employment, and independent living. This potential will only be realized, however, if accessibility is considered at the design stage of new products and services. Recognizing the central role of technology in today's world and consistent with NCD's mandate to review on a continuing basis, new and emerging disability policy issues

affecting individuals with disabilities at the federal, state and local levels, and in the private sector, including the need for and coordination of adult services, access to personal assistance services, and policies that operate as disincentives for individuals to seek and retain employment, NCD voted to make technology one of its top priority areas in FY 2000. With help from its Tech Watch Task Force, an advisory group of community representatives, NCD intends to review the use of technology and the role it plays in the employment of people with disabilities.

h. International

NCD has been designated by the Department of State as the official point of contact for other countries seeking information regarding disability policy information. In that regard, NCD has established an International Committee and has issued a report on foreign policy and disability. During FY 2000, NCD plans to develop disability policy standards to guide U.S. delegations and permanent representatives to international organizations in effectively and consistently advocating for positions and policy that bring the spirit of ADA into international relations. NCD will publish and distribute these standards as a guide to all federal agencies. In addition, NCD will translate ADA and other disability rights legislation in a range of languages and accessible formats.

APPENDIX B
MAJOR ACTIVITIES SUMMARY--FY 1999

As a leader in the development and analysis of disability policy, the National Council on Disability (NCD) conducted an array of activities in Fiscal Year (FY) 1999, with an authorized budget of $2,344,000. Those activities promoted policies, programs, practices, and procedures that guarantee equal opportunity for all individuals with disabilities, regardless of the nature or severity of the disability. They also helped individuals with disabilities realize the promise of the Americans with Disabilities Act (ADA) by empowering them to achieve economic self-sufficiency, independent living, inclusion, and integration into all aspects of society.

In FY 1999, NCD reviewed and evaluated new and emerging policy issues affecting people with disabilities at the federal, state, and local levels, and in the private sector. NCD looked at the need for and coordination of adult services, access to personal assistance services, school reform efforts, and the impact of such efforts on people with disabilities, access to health care, and policies that operate as disincentives for individuals to seek and retain employment. In that regard, NCD identified the overall needs and concerns of people with disabilities by conducting hearings, forums, and conferences throughout the country, and by responding to literally thousands of telephone, e-mail, and written inquiries on ADA and other disability issues.

During FY 1999 launched its "Disability Civil Rights Monitoring Project". Title IV of the Rehabilitation Act requires NCD to gather information about the implementation, effectiveness, and impact of the Americans with Disabilities Act (ADA), among other duties. In 1996, NCD convened a policy summit that included a diverse group of more than 300 leaders from the disability community. These leaders encouraged NCD to monitor and evaluate federal enforcement efforts of ADA and other civil rights laws. NCD's Disability Civil Rights Monitoring Project is currently evaluating the implementation and enforcement of ADA, the Fair Housing Act, the Air Carriers Access Act, and the Individuals with Disabilities Education Act. In March, NCD released its report *Enforcing the Civil Rights of Air Travelers with Disabilities: Recommendations for the Department of Transportation and Congress.* This report was the first in a series on enforcement of federal laws protecting the civil rights of people with disabilities.

Major activities for FY 1999 also included a hearing on public policy issues affecting people with psychiatric disabilities, filing an amicus curiae brief in support of the respondents to the U.S. Supreme Court in the case of *Olmstead v. L. C.*, and convening a forum on disability and cultural diversity with the White House and the Leadership Conference on Civil Rights.

NCD's other significant highlights for FY 1999 included conducting the third annual National Leadership Conference for Youth with Disabilities, and establishing a National Disability Fellowship Program to identify new leaders with disabilities.

ACTIVITIES FOR FY 1999

NCD carried out several activities in FY 1999 that increased consumer input on public policy issues affecting the people with disabilities and provided information on NCD's daily operations. A summary of those activities follows:

Cultural Diversity
October 1, 1998, Washington, DC

NCD released its report, *Grassroots Experiences with Government Programs and Disability Policy: Proceedings from a Public Hearing in New Orleans, Louisiana*, which makes recommendations on issues facing children and youth with disabilities and their families from minority and rural communities in Louisiana.

HBO Panel Discussion
October 26, 1998, New York, NY

An NCD representative participated in HBO's panel discussion on "Disabilities in the Workplace", which brought forward the legal issues of disability and issues connected to invisible disabilities in the workplace.

European Union/U.S. Conference
October 26–27, 1998, Madrid, Spain

NCD joined the U.S. delegation participating in the European Union/U.S. Conference "Harnessing the Information Society to Raise Employment Levels for People with Disabilities". This conference was a direct result of the New Transatlantic Agenda that was signed in Madrid, Spain, in December 1995 by President Clinton and the Presidents of the European Council and the European Commission.

National Disability Summit
October 29, 1998, Washington, DC

An NCD representative participated in the American Association on Mental Retardation's 10th anniversary national disability summit to discuss the Americans with Disabilities Act and its impact on the emerging workforce.

Civil Rights Hearing
November 12, 1998, Washington, DC

NCD representatives testified before the U.S. Commission on Civil Rights on the history and scope of the Americans with Disabilities Act (ADA) and impact and effectiveness of Title 1 and psychiatric disabilities.

Public Hearing on Psychiatric Disabilities
November 20, 1998, Albany, NY

NCD conducted an opening hearing on public policy issues affecting people with psychiatric disabilities. This meeting was held in conjunction with the annual conference of the National Association for Rights Protection and Advocacy. The purpose of the hearing was to obtain testimony from interested members of the public on the following issues, among others: the growth of managed care within the health care industry and its impact on persons with psychiatric disabilities; occurrences of abuse and neglect of persons living in psychiatric institutions and in community settings, particularly the use of seclusion and restraints; how the implementation and enforcement of federal civil rights laws (i.e., the Americans with Disabilities Act, the Rehabilitation Act, the Individuals with Disabilities Education Act, the Fair Housing Act, the Civil Rights of Institutionalized Persons Act, etc.) impact persons with psychiatric disabilities; experiences with federal income support programs (e.g., Supplemental Security Income, Social Security Disability Income, and Temporary Assistance to Needy Families), work incentives, and barriers to employment; and access to integrated, independent, and affordable housing in the community by persons with psychiatric disabilities. NCD will issue a report with recommendations in FY 2000.

Comments to the Department of Education
November 30, 1998, Washington, DC

With its statutory charge to review vocational rehabilitation policies, NCD submitted comments to the Rehabilitation Services Administration, U.S. Department of Education in response to the proposed regulations on the vocational rehabilitation employment standards and performance indicators.

Fifth World Assembly of Disabled Peoples' International
December 1, 1998, Mexico City, Mexico

NCD participated in the Fifth World Assembly of Disabled Peoples' International (DPI), in Mexico City. This conference, the largest DPI conference to date, brought together more than 1,700 people with disabilities and their supporters from 90 countries. The president of Mexico, Ernesto Zedillo, addressed the conference.

International Day of Disabled Persons
December 4, 1998, Washington, DC

NCD participated in a commemoration of the International Day of Disabled Persons at the Department of State. NCD was one of three sponsors of this event. The theme-"Arts, Culture, and Independent Living"-reflected a number of the primary concerns of the *World Programme of Action Concerning Disabled People*, such as equalization of opportunities. The observance of an International Day provides opportunities for government's, organizations of people with

disabilities, and society to focus on ways that people with disabilities can contribute to their communities. It is estimated that there are 500 million people with disabilities worldwide.

Twenty-fifth Anniversary of the Rehabilitation Act
December 8, 1998, Washington, DC

NCD representatives participated in the U.S. Department of Education's 25th anniversary commemoration of the enactment of the Rehabilitation Act of 1973, Public Law 93-112. Section 504 of the Act prohibited, for the first time, discrimination against people with disabilities by recipients of federal financial assistance.

Defense Logistics Agency Employment Program
December 8, 1998, Bethesda, MD

An NCD representative delivered the keynote address at the Defense Logistics Agency's "People with Disabilities Program Managers/Coordinators Training Workshop", which was held in conjunction with the Seventeenth Annual National Symposium on Perspectives on Employment of Individuals with Disabilities.

Work Incentives Improvement
December 21, 1998, Washington, DC

With its mandate to advise Congress and the Administration on public policy affecting people with disabilities, NCD provided recommendations to the U.S. Senate on the Work Incentives Improvement bill, which was then under consideration.

Assistive Technology
February 15-18, 1999, Redmond, WA

Under the rubric of its Tech Watch Advisory Committee, NCD was represented at the first meeting of the Microsoft Accessibility Advisory Council, where policy and technical information about products and services under development were presented.

Status Report on Disability Policy
February, 17, 1999, Washington, DC

NCD published *National Disability Policy: A Progress Report*, which covers the period from November 1, 1997, through October 31, 1998. The report reviews federal policy activities since the issuance of NCD's *Achieving Independence: The Challenge for the 21st Century*, noting progress where it occurred and making further recommendations where necessary.

Media Training
February 23, 1999, Louisville, KY

NCD conducted a "Dialogue on Disability Communications Strategies" to bring together disability community leaders to discuss media strategies for 2000, when the Americans with Disabilities Act celebrates its 10th anniversary and the Individuals with Disabilities Education Act celebrates its 25th anniversary.

Amicus Brief in Supreme Court Case
March 1, 1999, Washington, DC

NCD filed an amicus curiae brief in support of the respondents to the U.S. Supreme Court in the case of *Olmstead v. L. C.* (No. 98-536). The case involved two people with mental disabilities who were housed in a state psychiatric hospital and who charged that the state failed to provide them with care in the most integrated setting appropriate to their needs, thus violating ADA. Under many current state laws, there is no obligation to provide these services. The 11th Circuit Court declared that the State of Georgia had failed to place the plaintiffs in an appropriate community-based treatment program. On June 22, the U.S. Supreme Court ruled 6-3 that states may have to place people with mental disabilities in homelike settings if they can be appropriately cared for in such settings.

Leadership Conference for Minorities with Disabilities
March 2, 1999, Washington, DC

NCD representatives participated in the President's Committee on Employment of People with Disabilities' leadership conference that sought to improve employment opportunities for minority persons with disabilities and work with minority organizations to develop strategies they can pursue to reduce the high unemployment rate of minorities with disabilities.

Congressional Briefing
March 8, 1999, Washington, DC
In an effort to provide timely information to Congress, NCD staff made presentations to the staff of the U.S. House of Representatives and the U.S. Senate on various aspects of disability policy, the Americans with Disabilities Act, the Air Carrier Access Act, the Individuals with Disabilities Education Act, and the Fair Housing Act.

Research Meetings
March 9 and 10, 1999, Washington, DC

NCD representatives participated in the Interagency Committee on Disability Research meeting, which focused on capacity-building efforts in disability and rehabilitation research throughout the Federal Government

NCD representatives participated in the Interagency Subcommittee on Disability Statistics multi-site, global satellite conference with the World Health Organization to discuss the revisions to the code of illnesses and disabilities. It was recommended that greater emphasis be placed on the social rather than medical definitions of illness and disease.

Cultural Diversity Conference
March 12, 1999, Chicago, IL

An NCD representative participated in a conference sponsored by the Research and Training Center on Independent Living at the University of Kansas.

Air Travelers with Disabilities
March 18, 1999, Washington, DC

At a Capitol Hill news conference, NCD released a groundbreaking report documenting ineffective enforcement of the Air Carrier Access Act (ACAA) since the law's passage in 1986. NCD's report, *Enforcing the Civil Rights of Air Travelers with Disabilities*, contains recommendations on how to improve enforcement, including changes to the law and improvements for the Department of Transportation. This report was the first in NCD's "Unequal Protection Under Law" series of independent analyses of federal civil rights enforcement for Americans with disabilities. Recommendations from this NCD report lead the Secretary of Transportation to take significant steps to improve the laws that protect the civil rights of air travelers with disabilities.

Presidential Task Force
April 20, 1999, Washington, DC

NCD participated in a meeting of the Presidential Task Force on Employment of Adults with Disabilities. The task force will bring the power of government to attempt to increase the employment rate of people with disabilities to a rate closer to the general employment rate in the United States. The creation of the task force stems from a recommendation developed at NCD's 1996 National Summit on Disability Policy by a diverse group of more than 300 disability community leaders. NCD is a member of the task force.

Genetics Conference
April 22, 1999, Chicago, IL

An NCD representative participated in a panel discussion on "Person, Family, and Societal Reflections on Disability and the Human Experience" at the Rehabilitation Institute of Chicago's conference, "Genetic Knowledge and Disability: Opportunity or Peril".

Communication with the Secretary of Transportation
June 1, 1999, Washington, DC

NCD submitted comments to the Secretary of Transportation on the Department's proposed rules for over-the-road buses (OTRB), encouraging the agency to quickly adopt and implement strict requirements for collection of data on accessible service for people with disabilities on Greyhound and other OTRB private companies.

Youth Leadership Conference
June 22–26, 1999, Alexandria, VA

NCD conducted its third annual National Leadership Conference for Youth with Disabilities with support from five other federal agencies and private sector organizations. More than 125 young adults convened to participate in a program that was organized under the theme of independence. The purpose of the conference was for youth to learn from national disability leaders about national disability policy, civil rights, the public policy process and leadership, employment opportunities, and related programs available to them; to identify barriers to their economic independence, provide input to the public policy process, and identify future programs to support economic independence and leadership among all youth with disabilities; and to create solidarity and community among the participants, building confidence and resolve to take action.

It was the first time that the conference program was planned and executed entirely through a 'Youth Leadership Council', made up of a diverse group of previous youth conference participants.

This year's conference was coordinated by NCD and sponsored with five other federal agencies and private sector organizations. Sponsors included the U.S. Department of Education, Office of Special Education and Rehabilitative Services; the Social Security Administration, Office of Disability and Income Security Programs; the U.S. Department of Health and Human Services, Administration on Developmental Disabilities, Maternal and Child Health Bureau, the Centers for Disease Control and Prevention; and the Substance Abuse and Mental Health Services Administration; the Presidential Task Force on Employment of Adults with Disabilities; and the President's Committee on Employment of People with Disabilities. The Mitsubishi Electric America Foundation was the primary private sponsor.

Testimony Before Commission on Libraries
July 8, 1999, Washington, DC

NCD testified before the U.S. National Commission on Libraries and Information Service with regard to access for people with disabilities.

Fellowship Program
July 19, 1999, Washington, DC

NCD announced the establishment of the National Disability Fellowship Program in Washington, DC, which will identify and develop new leaders with disabilities to enhance NCD's policy capacity. The annual program will provide experience, training, and contacts to qualified individuals with disabilities. Selected fellows will receive benefits (including health insurance), a competitive stipend to cover living expenses, and reasonable relocation expenses. The first appointment, which will not exceed one year, will begin in January 2000.

Statewide Independent Living Council Workshop
July 20, 1999, Louisville, KY

NCD addressed the Kentucky Statewide Independent Living Council workshop, "Unlocking All Doors to Independent Living: The Key to the Future", discussing leadership development and the history of independent living.

Airports Council International
July 20, 1999, Kuala Lumpur, Malaysia

NCD participated in the Airports Council International Pacific Regional Assembly to discuss enforcement of the Air Carrier Access Act and NCD's report, *Enforcing the Civil Rights of Air Travelers with Disabilities: Recommendations for the Department of Transportation and Congress.*

Disability Research Conference
July 21, 1999, Washington, DC

NCD convened a policy roundtable discussion on the transition of youth with disabilities to employment and postsecondary education. The conference, which was sponsored by NCD and the Social Security Administration, was designed to formulate policy recommendations for the President and Congress. An NCD report on this subject will be released in FY 2000.

Forum on Disability and Cultural Diversity
July 26, 1999, Washington, DC

NCD released the executive summary from its report, *Lift Every Voice: Modernizing Disability Policies and Programs to Serve a Diverse Nation*, at a White House forum on disability and cultural diversity that also celebrated the ninth anniversary of the passage of the Americans with Disabilities Act (ADA). The forum, convened by the White House and NCD with support from the Leadership Conference on Civil Rights (LCCR), focused on how to improve outcomes in education, employment, and civil rights enforcement for people with disabilities from diverse cultural backgrounds.

Conference for Child Advocates
July 31, 1999, Chicago

NCD participated in "The National Conference for Child Advocates, Child/Parent Attorneys, and Parents", which highlighted civil rights laws protecting children and youth with disabilities.

Women with Disabilities Conference
August 2, 1999, San Antonio, TX

NCD participated in a national conference titled "Promoting the Health and Wellness of Women with Disabilities", which was sponsored by the Centers for Disease Control and Prevention, Division of Child Development, Disability, and Health.

Women with Disabilities Conference
August 2, 1999, San Antonio, TX

NCD, along with other agencies and organizations, cosponsored a conference entitled "Innovative Strategies to Increase Employment of Women with Disabilities", which was organized by Rehabilitation International, the World Institute on Disability, and San Antonio Independent Living Services. This conference was a follow-up to the International Leadership Forum for Women with disabilities, held in Washington, D.C., in 1997.

Individuals with Disabilities Education Act
September 22, 1999, Washington, DC

As part of its "Disability Monitoring Civil Rights Monitoring Project", NCD will release its report, *Back to School on Civil Rights-Advancing the Federal Commitment to Leave No Child Behind.* The report and recommendations address nearly two and one half decades of ineffective enforcement of the Individuals with Disabilities Education Act.

CONGRESSIONAL TESTIMONY

During FY 1999, NCD provided formal testimony to Congress on two occasions:

March 25, 1999, before the U.S. House of Representatives

NCD testified before the U.S. House Committee on Appropriations, Subcommittee on Labor, Health and Human Services, and Education, regarding its FY 2000 budget request.

March 25, 1999, testimony submitted for the record of the U.S. Senate

The U.S. Senate Committee on Appropriations, Subcommittee on Labor, Health and Human Services, Education, and Related Agencies received testimony from NCD regarding its FY 2000 budget request.

INFORMATION DISSEMINATION

As a result of being a leader in the development and analysis of disability policy, NCD continued to receive a record number of telephone calls, e-mail messages, and letters from concerned people and organizations about disability issues. In response, NCD fine-tuned its information dissemination methods by dedicating professional staff to implement more sophisticated information and referral methods. In addition, NCD published its monthly newsletter, *NCD Bulletin*, which reaches more than 12,000 people and organizations, several articles, special reports, and its annual report in alternative formats, such as braille, large print, audiocassette, for people with visual impairments. This information is also available at NCD's award-winning Internet Web site (**http://www.ncd.gov**), which records more than 60,000 hits per year.

NCD QUARTERLY MEETINGS

As required by Section 400(3)(c) of the Rehabilitation Act of 1973, as amended, NCD met on four occasions during FY 1999:

November 18–19, 1998; Albany, NY
February 22–24, 1999; Louisville, KY
June 21–22, 1999; Alexandria, VA
September 23–24, 1999; Alexandria, VA

APPENDIX C
MISSION OF THE NATIONAL COUNCIL ON DISABILITY

Overview and Mission

The National Council on Disability (NCD) is an independent federal agency composed of 15 members appointed by the President of the United States and confirmed by the U.S. Senate. NCD was initially established in 1978 as an advisory board within the Department of Education (Public Law 95-602). The Rehabilitation Act Amendments of 1984 (Public Law 98-221) transformed N CD into an independent agency.

The overall purpose of NCD is to promote policies, programs, practices, and procedures that guarantee equal opportunity for all individuals with disabilities, regardless of the nature or severity of the disability; and to empower individuals with disabilities to achieve economic self sufficiency, independent living, and inclusion and integration into all aspects of society.

While many government agencies address issues and programs affecting people with disabilities, NCD is the only federal agency charged with analyzing and making recommendations on issues of public policy which effect people with disabilities regardless of age, disability type, perceived employment potential, economic need, specific functional ability, status as a veteran, or other individual circumstance. NCD recognizes its unique opportunity to facilitate independent living, community integration, and employment opportunities for people with disabilities by assuring an informed and coordinated approach to addressing the concerns of people with disabilities and eliminating barriers to their active participation in community and family life.

Specific Duties

The current statutory mandate of NCD includes the following:

- Reviewing and evaluating, on a continuing basis, policies, programs, practices, and procedures concerning individuals with disabilities conducted or assisted by federal departments and agencies, including programs established or assisted under the Rehabilitation Act of 1973, as amended, or under the Developmental Disabilities Assistance and Bill of Rights Act; and all statutes and regulations pertaining to federal programs which assist such individuals with disabilities in order to assess the effectiveness of such policies, programs, practices, procedures, statutes, and regulations in meeting the needs of individuals with disabilities;

- Reviewing and evaluating, on a continuing basis, new and emerging disability policy issues affecting individuals with disabilities at the federal, state, and local levels, and in the private sector, including the need for and coordination of adult services, access to personal assistance services, school reform efforts and the impact of such efforts on individuals with disabilities,

access for health care, and policies that operate as disincentives for the individuals to seek and retain employment.

- Making recommendations to the President, Congress, the Secretary of Education, the Director of the National Institute on Disability and Rehabilitation Research, and other officials of federal agencies, respecting ways to better promote equal opportunity, economic self-sufficiency, independent living, and inclusion and integration into all aspects of society for Americans with disabilities.

- Providing Congress, on a continuing basis, advice, recommendations, legislative proposals, and any additional information that NCD or Congress deems appropriate;

- Gathering information about the implementation, effectiveness, and impact of the Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. 12101 et seq.);

- Advising the President, Congress, the Commissioner of the Rehabilitation Services Administration, the Assistant Secretary for Special Education and Rehabilitative Services within the Department of Education, and the Director of the National Institute on Disability and Rehabilitation Research on the development of the programs to be carried out under the Rehabilitation Act of 1973, as amended;

- Providing advice to the Commissioner with respect to the policies of and conduct of the Rehabilitation Services Administration;

- Making recommendations to the Director of the National Institute on Disability and Rehabilitation Research on ways to improve research, service, administration and the collection, dissemination and implementation of research findings affecting people with disabilities;

- Providing advice regarding priorities for the activities of the Interagency Disability Coordinating Council and reviewing the recommendations of such Council for legislative and administrative changes to ensure that such recommendations are consistent with the purposes of the Council to promote the full integration, independence and productivity of individuals with disabilities; and

- Preparing and submitting to the President and Congress a report entitled *National Disability Policy: A Progress Report* on an annual basis.

- In addition, NCD has been designated by the U.S. Department of State as the official liaison with the Special Rapporteur on Disability within the United Nations and serves as a representative to the Third Committee on Social Development and Human Rights regarding the development of U.S. foreign policy on disability issues.

THURSDAY, APRIL 6, 2000.

ARMED FORCES RETIREMENT HOME

WITNESSES

DAVID F. LACY, CHIEF EXECUTIVE OFFICER/CHAIRMAN OF THE BOARD
BRIGADIER GENERAL JAMES F. HENNESSEE, DEPUTY DIRECTOR, U.S. SOLDIERS' AND AIRMEN'S HOME
CAPTAIN JESSE H. VASQUEZ, MSC, USN, DIRECTOR, U.S. NAVAL HOME

CALL TO ORDER

Mr. PORTER. The subcommittee will come to order. We continue our hearings on the appropriations for fiscal year 2001 with the Armed Forces Retirement Home. We are pleased to welcome Mr. David F. Lacy, the CEO and Chairman; Major General Donald C. Hilbert, U.S. Army (Retired), and Captain Jesse H. Vasquez, MSC, USN, Director, U.S. Naval Home. Gentlemen, we are glad to see you.

You have a wonderful advocate on this subcommittee in Mr. Cunningham, and Mr. Bonilla as well; and they are going to look after you, as I am.

Good to see you. Please proceed.

INTRODUCTION OF WITNESSES

Mr. LACY. Thank you, Mr. Chairman.

Honorable members, I am pleased to appear before the committee today to testify on behalf of the Armed Forces Retirement Home. You have my prepared statement, which I ask to be entered into the record. I am accompanied today by representatives of our two facilities. On my left, is Captain Jesse H. Vasquez of the United States Navy, who is the Director of the United States Naval Home in Gulfport; and on my right is General James F. Hennessee, U.S. Army (Retired), who is the Deputy Director of the United States Soldiers' and Airmen's Home here in Washington, D.C.

General Donald C. Hilbert, U.S. Army (Retired), was unable to be here today. He is the Director of the United States Soldiers' and Airmen's Home, but because the hearing had to be rescheduled, he was unable to be here. We are sorry about that.

OPENING STATEMENT

First of all, I cordially invite each member of the committee to visit our homes to visualize the services and needs of our residents. You gain a much better understanding of our mission and the need for our existence when you have the opportunity to chat with residents who survived the Bataan Death March; experienced the Japanese attacks on Pearl Harbor, Midway and Guadalcanal; liberated

Nazi death camps; spent years as U.S. prisoners of war in Japan, Germany, and Korea; flew helicopter combat missions in Vietnam; served as renowned Buffalo Soldiers; and served in all-black and Puerto Rican infantry units during the World War II and Korea.

Our doors are always open to you. Please come and visit with these heroic veterans. They are indeed living treasures of this great Nation.

In order to support these distinguished veterans, we are requesting a $60 million operations and maintenance budget for fiscal year 2001. These funds will provide a continuum of care to support 1,770 residents of which 280 are in long-term care.

Our capital outlay fund request for fiscal year 2001 is $9.8 million, the bulk of which is for the third phase of construction of the United States Naval Home's health care facility. Construction begins in fiscal year 2001, and is scheduled for completion in fiscal year 2003. The existing long-term care unit was designed around 1970, and the assisted living units were originally independent living units. Neither setting meets current retirement home standards nor do they meet standards for handicapped accessibility.

The fourth and final phase of the health care facility will be a part of the capital request in the fiscal year 2002 budget at a cost of $6.3 million. We appreciate your continued support for this multiyear project. The remaining capital request this year supports capital repairs and replacements at the U.S. Soldiers and Airmen's Home.

EFFICIENCIES AND ECONOMIES

Members of the AFRH board, the homes, and the two local oversight boards have sought out efficiencies and economies of operation by internal analysis, outsourcing, and by implementing sharing agreements. During the period of April through October 1999, the AFRH underwent a joint inspection spearheaded by the Department of the Army. It was the Army Inspector General's conclusion that the AFRH provides excellent residential, social, and health services to its residents who are predominantly satisfied with the care they receive.

The AFRH is following up on the recommendations that result from this inspection. Currently, we are in the process of conducting a most efficient organization study that was recommended by the inspection team. The scope of this study includes reviewing processes and procedures, organization, structure, and staffing of the entire Armed Forces Retirement Home. The study is scheduled for completion in August of this year.

The audit of the Armed Forces Retirement Home fiscal year 1997 financial statements was conducted by an outside firm, Brown and Company. The home received a qualified opinion, which is a notable accomplishment among Federal agencies. We are currently working with the outside audit firm to review our 1999 fiscal year financial statement. This audit actually began very recently.

ADDITIONAL REVENUES

As you know, a large portion of the income to our trust fund is tied to the active duty force size, which has significantly reduced in the last decade after the Cold War ended. This, in turn, had de-

creased the revenue on our trust fund. We must now realize some increase in income so that the Armed Forces Retirement Home trust fund will not become insolvent. If the trust fund does not receive positive financial intervention, we project that the trust fund will become insolvent in approximately 2006. In addition to the cost efficiencies described above, the Armed Forces Retirement Home is taking many steps to increase revenue.

We continue to seek additional venues of funding by methods such as our recently created Armed Forces Retirement Home Foundation. In March 2000, the AFRH Foundation obtained eligibility to participate in the Combined Federal Campaign nationwide for the year 2000.

We also anticipate that the retired military voluntary allotment program that we have established will provide the AFRH trust fund with a steady increase in contributions in the upcoming future. Last year, we received approximately $141 thousand dollars from retired military members through the voluntary allotment program.

As you know, we are seeking to generate income from our excess 49 acres of land at the United States Soldiers' and Airmen's Home. The AFRH has received an appraisal report from the Millennium Corporation, which conducted the appraisal of the land. The AFRH is currently studying the options for the best and most economic disposition of this land by lease or sale.

The AFRH is anxiously awaiting the decision of the Department of Defense to implement the 1995 congressionally authorized increase in active duty pay assessment from 50 cents to $1. The increase in the deduction from 50 cents to $1 and the lease or sale of the 49-acre parcel of land are critical to the future financial health of the AFRH trust fund.

In closing, I again ask you to remember the distinguished veterans who served our country well when we needed them the most. It is now our duty and moral obligation to be there when they need us the most.

Mr. Chairman, we will be happy to respond to your questions and look forward to continued support from the committee.

Mr. PORTER. Thank you Mr. Lacy.

[The information follows:]

ARMED FORCES RETIREMENT HOME
Statement by
Mr. David F. Lacy
Chief Executive Officer/Chairman of the Board
on
Fiscal Year 2001 Request

Mr. Chairman and Members of the Committee:

I am pleased to appear before you to discuss the 2001 budget request for the Armed Forces Retirement Home (AFRH). The 2001 budget reflects our mission and commitment to provide a continuum of care and services in a retirement community for retired and former members of the Armed Forces, enabling them to live their remaining years among friends in an atmosphere of personal dignity as authorized by law. Our goal is to provide the highest quality of residential, social, and health services to the AFRH residents, emphasizing a holistic approach toward each individual which stresses the excellence of these services in meeting the needs and expectations of the current and future residents of the Home. Our budget request totals $69.8 million, consisting of $60.0 million for Operations and Maintenance (O&M) and $9.8 million for capital outlay. The $9.8 million for capital is part of our Strategic Plan and is supported by OMB. It represents the necessary further funding of our capital program begun with the amount requested in the FY 98 President's budget, and reflects the 2000 appropriations realized.

MANAGEMENT INITIATIVES

The audit of the AFRH FY 97 financial statements was conducted by Brown and Company, an outside auditing firm. The Home received a qualified opinion, a notable accomplishment among Federal agencies.

CAPITAL PROGRAM

The primary feature of the USNH facility improvement will be the new Long Term Care Facility. The need for this improvement was recognized in the late 1980's, was delayed due to a moratorium on capital projects, and commenced with the AFRH FY 98 budget. The Health Care Facility Expansion Project, as of September 30, 1999, is at 60 percent design stage. We anticipate selecting a design-build contractor early in FY 2001.

The USNH was in the direct path of Hurricane George and the eye of the hurricane passed directly over the Home on September 28, 1998. While there were no injuries to residents or staff and no interruption in services, the hurricane caused an estimated $1.8 million dollars in damage to the facility. All repairs have been completed with the exception of the pedestrian bridge over a major highway adjoining the facility and re-roofing of the main building. Both projects are out for bid.

The design/build contract for the renovation of the Sheridan Dormitory at the USSAH was awarded to the J. P. Austin Company on November 12, 1997. The J. P. Austin Company has teamed with Wilmont/Sanz Architects and the Higgins Group, interior design. Renovation of the Sheridan Dormitory at the USSAH has progressed on schedule and on budget. Renovation of the south half of the dormitory has been completed and residents began moving back into those spaces in February 1999. The north half of the dormitory was released to the contractor in April 1999 and is expected to be completed by May 2000. The completion of the Sheridan Dormitory project is a critical enhancement to quality of life for independent living residents and will provide private rooms with private baths for all residents.

RESIDENTS

The AFRH resident population at the end of FY 99 was 1529 with an average age of 76. The population is largely male, but there are 137 female residents and 21 married couples residing at the Homes. Veterans of all services reside at both Homes, and intra-agency transfers between facilities continue. The overall population is down since last fiscal year. At the USSAH, the renovation of one major dormitory necessitated delays in admissions.

PLANNED DOWNSIZING

As you know, the AFRH is a truly unique agency unlike any other in the Federal government. It closely resembles the private sector Continuing Care Retirement Communities, but is funded by the Federal AFRH Trust Fund. That trust fund has steadily decreased because a major portion of its revenue is tied to the active duty enlisted population. The sources of revenue to the Trust Fund are fines and forfeitures from violations of the Uniform Code of Military Justice by active duty personnel; a fifty cents per month pay deduction from all active duty enlisted members (Congress authorized a $1.00 fee in 1995); monthly fees from the residents of the homes; gifts and bequests to the homes; and interest gained on the investment of the Trust Fund. Fines and forfeitures totaled $30.1 million in FY 91, but fell to $24.8 million in FY 99. Revenue from the pay deduction has declined from $11 million in FY 91 to $7.4 million in FY 99. Resident fees have now become a major source of revenue totaling $12.4 million in FY 99.

The overall decline in revenue, most of which is beyond the control of the AFRH and its oversight Boards, has necessitated downsizing the Home's resident population. The AFRH has reduced staffing substantially. In FY 2000 we expect our Full Time Equivalent (FTE) not to

exceed the 785 authorized by the Office of Management and Budget. The AFRH is currently undergoing a Most Efficient Organization Study which potentially could result in lower FTEs in the future.

Delay in the design and construction process has reduced the need for capital funding in FY 2001. Additional capital funding will be required in FY 2002. We must move forward with our capital program to provide a better quality of environment and care for our distinguished veteran residents, who need our Homes. These improvements are needed particularly in light of the increase in resident fees which began in October 1997. As enacted by Public Law 101-337, National Defense Authorization Act (NDAA) for FY 95, resident fees of permanent health care residents increased effective fiscal year 1998 to 35 percent of all income, in FY 99 to 45 percent, and in FY 2000 to 65 percent. In the case of a resident who is in independent living, fees increased in FY 98 to 30 percent, in FY 99 to 35 percent, and in FY 2000 to 40 percent.

RESIDENT QUALITY OF LIFE

In order to benchmark the quality of life for our residents, in the fall of 1996 we conducted a comprehensive satisfaction survey of all residents. The analysis of survey results (provided for us by Air Force survey experts) has served as a guide for the future goals and objectives of our AFRH Strategic Plan. In the Spring of 1999 we conducted the first follow-up to that survey. Approximately 800 residents completed the follow-up survey, for an overall response rate of 54 percent. Overall, the vast majority of residents indicated they were satisfied with their life at the AFRH.

CARE FOR THE RESIDENTS

Both facilities are accredited by the Joint Commission on Accreditation of Health Care Operations (JCAHO) on a three- year cycle. The USNH JCAHO Long Term survey was conducted on March 2-3, 1999, and the final reports rated all of the Long Term Care substantially compliant in the areas directly connected with patients. The USNH JCAHO Ambulatory Care Survey was conducted on March 8-9, 1999 and accreditation was received on April 29, 1999. The USSAH King Health Center received accreditation on September 28-30, 1999. The USSAH received accreditation with commendation for the third consecutive survey. Both facilities participate extensively with local military and private sector medical care facilities in physician and healthcare provider rotation and training programs.

SEARCH FOR ALTERNATIVE FUNDING

The AFRH has aggressively sought funding alternatives to supplement its steadily decreasing revenue stream. The AFRH Foundation, an entity newly established, outside the normal operations of the AFRH, is sponsored by the Air Force Sergeants' Association (AFSA) in conjunction with the Non-Commissioned Officer's Association, Fleet Reserve Association, and the Association of the United States Army. The goal of the Foundation is to serve as a marketing avenue and revenue enhancement for the AFRH. The Foundation participated in the Washington, DC, Combined Federal Campaign (CFC) in FY 99. In FY 00 the Foundation was approved to participate in the National CFC campaign which includes the overseas campaign. The Foundation has recently hired a President whose primary goal is to market the AFRH and raise funds for the benefit of the AFRH.

Through the process of voluntary military pay allotments for retired military personnel, the AFRH is seeking additional revenue. Retired persons may now establish allotments to several organizations or entities, and the AFRH is recognized as a designee to which retirees can make voluntary allotments. Allotments began in February 1998, and by the end of that fiscal year had grown to over 1,500 allotments totaling over $29,000 for the year. By the end of FY 99 we have 2,603 allotments and contributions of over $141,000 annually. This figure is growing monthly due to the efforts of the each Service's retirement counselors and should reach $150,000 to $160,000 by year's end.

By the 1993 amendment to the AFRH Act of 1991, DoD may "make available to the Retirement Home, on a non-reimbursable basis, support necessary to enable the Retirement Home to carry out its functions under this Act." The full extent of that potential support is being examined in several different venues, and it is hoped that this will provide avenues of cost avoidance or savings to the AFRH. However, with the current budget situation of DoD and the Services, it is unclear what will be realized under this provision.

By the 1995 amendment to the AFRH Act of 1991, Congress authorized the Secretary of Defense to increase the monthly active duty pay assessment from fifty cents to one dollar. However, the Department of Defense deferred the implementation of the increase. As a result, the AFRH has not realized revenue of approximately $41 million to date. The AFRH expects ul that DoD will exercise this authority in the near future.

The National Defense Authorization Act (NDAA) of FY 97 authorized and required the AFRH to sell or otherwise dispose of a 49 acre tract of land on the USSAH campus. The requirement to dispose of this land has been revised by Section 1043 of the FY 99 NDAA. The

disposition of that land, either by sale or lease, will provide enhanced revenue to the Trust Fund. An appraisal of the land was recently conducted and the results of the appraiser's findings are currently being reviewed.

THE FUTURE OF THE AFRH

The AFRH continues to focus on 3 major goals:

- Continued quality of life for current and future residents of the home.
- The ongoing integration of these formerly separate homes into one entity, and
- The long term fiscal solvency of the Trust Fund that supports the Homes.

The major impediment to achieving these goals is the existing financial situation of the homes. To date, efficiencies have been gained with minimal negative impact on services to the residents. Residents also have been asked to pay more for their services. With DoD assistance, AFRH is conducting a Most Efficient Organization (MEO), in an attempt to gain further efficiencies in manpower and funding. These cost savings initiatives, coupled with success in the income initiatives discussed earlier, are necessary if the AFRH is to achieve financial stability so that we can ensure the future of the Homes for those whose service and sacrifice has secured the freedom we enjoy.

I am accompanied today by BG James F. Hennessee, USA, Retired, the Deputy Director of our Washington, DC, facility, the U.S. Soldiers' and Airmen's Home, and by CAPT Jesse H. Vasquez, MSC, USN, who is the Director of our Mississippi facility, the U.S. Naval Home.

We are grateful to Congress for its continued involvement and attention to our mission and needs. The AFRH is striving to "take care of its own." But the continued efforts of all, residents, management, Department of Defense and related agencies, and Congress are needed to achieve

the goals of the AFRH, which is to provide for a better, more secure future for the distinguished veterans who are the residents of the Armed Forces Retirement Home.

My colleagues and I will be happy to respond to any questions you may have.

ARMED FORCES RETIREMENT HOME

CHAIR/CHIEF EXECUTIVE OFFICER

Biographical Sketch

NAME: David Frederick Lacy

POSITION: Chief Executive Officer, Armed Forces Retirement Home
Chair, Armed Forces Retirement Home Board

BIRTHPLACE: Kingston, Pennsylvania

EDUCATION: Bucknell University, AG
University of North Carolina, Chapel Hill, MRP

EXPERIENCE:

1999 - Present	Executive Director, Southminster Chief Executive Officer for a non-profit Continuing Care Retirement Center, Charlotte, NC
1995 - 1999	Executive Director, Trinity Terrace Chief Executive Officer for a non-profit Continuing Care Retirement Center, Ft. Worth, Texas
1982 - 1995	Associate Director for Finance and Planning, Carol Woods Retirement Center, Chapel Hill, North Carolina (Acting Executive Director 1992)
1978 - 1982	Director of Administration, Government Services Division, Management Improvement Corporation of America (MICA), Durham, NC
1973 - 1978	Assistant Director of Planning, and Planner, City of Durham, NC
1971 - 1973	Director, Bureau of Flood Recovery, and Assistant City Planner, City of Wilkes-Barre, Pennsylvania

HONORS AND AWARDS: Thelma Johnson Showalter Award, Bucknell University, Lewisburg, PA
President of Student Body (1970)
Member/participant: University Governance Committee
University Long Range Planning Committee
First National Symposium on the Presidency

ARMED FORCES RETIREMENT HOME

U.S. SOLDIERS' AND AIRMEN'S HOME

Biographical Sketch

NAME: J. Frank Hennessee, Brigadier General, USA, Retired

POSITION: Deputy Director-U. S. Soldiers' and Airmen's Home

BIRTHPLACE: McMinnville, Tennessee

EDUCATION:
U. S. Military Academy, West Point, B.S., Engineering
Georgia Tech, MS., Operation Research
Army Command and General Staff College
Army War College

EXPERIENCE:

1998- Present	Deputy Director, U. S. Soldiers' and Airmen's Home, Washington, DC
1995- 1998	Director of Resource Management, U.S. Army Training and Doctrine Command, Ft. Monroe, Virginia
1993-1995	Director of Resource Management, U.S. Army Europe, Heidelburg, Germany
1991-1992	Assistant Division Commander, 10th Mountain Division (Light Infantry), Ft. Drum, New York
1989-1990	Executive to Commander-in-Chief, U.S. Southern Command, Panama
1987-1989	Commander, 3rd Infantry Regiment, Ft. Myer, Virginia
1986-1987	Chief of Warfare Policy, Office Joint Chiefs of Staff, Pentagon, Washington, DC
1985-1986	Special Studies Group, Office Chief of Staff Army, Pentagon, Washington, DC
1981-1984	Battalion Commander, U.S. Army Berlin Brigade, Berlin, Germany

HONORS AND AWARDS:
Distinguished Service Medal
Silver Star
Defense Superior Service Medal (with Oak Leaf Cluster)
Legion of Merit (with three Oak Leaf Clusters)
Bronze Star Medal
Meritorious Service Medal (with two Oak Leaf Clusters)
Vietnamese Cross of Gallantry
Air Medal
Army Commendation Medal
Combat Infantryman Badge
Senior Parachutist Badge
Ranger Tab

ARMED FORCES RETIREMENT HOME

U. S. NAVAL HOME

Biographical Sketch

NAME: Captain Jesse H. Vasquez, USN

POSITION: Director, U. S. Naval Home

BIRTHPLACE: San Antonio, Texas

EDUCATION: Roosevelt University, BS BA
Webster College, MA (Management)

EXPERIENCE:

1999 - Present	Director, U. S. Naval Home, Gulfport, Mississippi
1995 - 1999	Head, Healthcare Operations, HSO, Norfolk, Virginia
1993 - 1995	Commanding Officer, Naval Hospital, Lemoore, California
1991 - 1993	Commanding Officer, Naval Medical Clinic, New Orleans, Louisiana
1990 - 1991	Executive Officer, Naval Medical Clinic, New Orleans, Louisiana
1987 - 1990	Director for Administration, Naval Hospital, Long Beach, California
1984 - 1987	Officer in Charge, Branch Medical Clinic, Naval Hospital Camp Pendelton, Barstow, California
1981 - 1984	Head, Patient Administration, Naval Hospital, Orlando, Florida
1978 - 1981	Medical Programs Recruiting Officer, Naval Recruiting Area Three, Macon, Georgia
1976 - 1978	Head, Patient Administration, Naval Hospital, Key West, Florida
1972 - 1976	Naval Hospital Charleston, South Carolina

HONORS AND AWARDS:

Legion of Merit Medal
Meritorious Service Medal (with Gold Star)
Navy Commendation Medal (with Two Gold Stars)
Navy Achievement Medal
Navy Unit Commendation
Meritorious Unit Commendation
Good Conduct Medal
Naval Reserve Meritorious Service Medal
Armed Forces Reserve Service Medal
Navy Recruiting Service Medal
Certified Retirement Home Professional

Mr. PORTER. General Hennessee, let me apologize. I could have looked up and seen that you were not General Hilbert, but I was reading off of the notes of my staff.

I have to say, Mr. Chairman, that Duncan Hunter, who is a very good friend of all of ours, goes out to the home frequently, as you probably realize, and keeps us posted on what is happening there, and often tells us about the people that you described in your opening statement that are residents there.

And we keep up—I have not been out for some number of years, but we keep up through Duncan as to what is happening, and he helps us a great deal.

Let's talk for a minute about the augmentation of the 50-cent increase in enlisted active duty pay deduction. Why has that not been implemented by the DOD?

Mr. LACY. Well, I can't really speak for DOD. We have been requesting this since it was authorized in 1995. We currently receive about $7 million a year from the 50 cents that we do receive, so if we were to receive the increase, it would generate an additional $7 million each year.

Mr. PORTER. What is preventing us from receiving the increase?

Mr. LACY. DOD has indicated to us that they want this increase to be a part of a total solution to the funding issues. We believe that this increase, together with an appropriate sale or lease of the 49 acres, those two things together, would be able to generate a total solution for the long-term viability.

Mr. PORTER. Well, they have had 5 years to help you get to a total solution here. Congress authorized it. It seems to me that it is something they ought to implement and get on with it. That would certainly get you a long way towards the total.

Mr. LACY. We certainly agree. It is at a very high level within DOD at this point. They have continued to indicate to us that things are looking positive for this change, but we have not yet seen the change occur.

Mr. PORTER. Well, I think we ought to put a little pressure on them to get this done. The chairman of our committee, of course, was once chairman of the Defense Appropriations Subcommittee and keeps an active interest there. I think maybe Duke and I ought to talk to our chairman and see if we cannot apply a little pressure to get this thing done. It would help you a great deal.

Mr. LACY. We would certainly appreciate that support.

Mr. PORTER. Fifty cents a month, I think people can afford that.

The status of the property, the 49 acres, at one time there was—and I don't remember the details, but the Archdiocese of Washington, I think, is the neighbor there, and they were going to buy it, but haven't; or there was some agreement?

Mr. LACY. There was legislation structured that would have required us to sell it to that party. However, we were able to obtain a change in the legislation. The National Defense Authorization Act in 2000 does require us to sell or lease the land by the end of this fiscal year at the highest and best economic use. Catholic University in that legislation is given the option of matching the highest bid for that land if they choose to do so. And we are in the process of taking the steps to implement that law right now.

Mr. PORTER. Have there been any bids for the land, other than their own?

Mr. LACY. No, so far, we have sought the appraisal and that is undergoing some final study by DOD, and then we will go out for procurement. We are taking some initial steps. I think we have done the request for proposals for title search and environmental study and so forth. So we are getting everything lined up to be able to go out to the marketplace.

Mr. PORTER. If this is not a proper question, do not answer it, but what do you think the appraised value of the land would be?

Mr. LACY. Well, we have been advised that we need to keep that information closely held because it could affect the market.

Mr. PORTER. That is why I asked it that way. I assumed you might not want to share that.

Mr. LACY. Thank you.

Mr. PORTER. The capital outlay account asked for a decrease of nearly $3 million, and you alluded to this in your oral testimony. Why is that a decrease? Have you met the needs of the Naval Home?

Mr. LACY. The primary reason is, we completed a significant renovation of the Sheridan Dormitory at the Soldiers' and Airmen's Home; that was a multiyear capital project.

Mr. PORTER. All right. If you look down the line on eligible retirees and possible future residents of the home, what do you see?

Mr. LACY. We believe that there are going to be approximately 20 million potential eligibles. About 1.1 million of those would be retirees; we expect that that number of people will remain relatively stable.

There is a slight dip, I think, in the year 2015. But basically, for the next 15 years, we expect the market to hold steady at that kind of level.

Mr. PORTER. And are people now being turned away or are you able to accommodate all who seek to live in the homes?

Mr. LACY. We are currently able to accommodate folks. We developed a waiting list when we were undergoing some renovation at the Soldiers' and Airmen's Home, and I would like to ask each of the homes to briefly respond to that question as well.

BG HENNESSEE. Mr. Chairman, speaking for the Soldiers' and Airmen's Home, we historically have had a population of residents in the range of 1,900 to 2000. In this decade that has declined. Part of that decline had to do with our own need to renovate facilities from the multiperson rooms with bathrooms down the hall into something that was in sync with the modern standard. We have done that. In the process, for almost 2 years, we had to virtually stop entry of eligible persons in order not to have to displace those who were already in the home.

During that period, we accumulated a large waiting list of several hundred. I am happy to report that we have now reopened the sheridan dormitory, that has a capacity of over 500, it's renovation had caused the waiting list. And we are in the process of, we believe, eliminating all or the vast majority of our waiting list.

So we believe that, come mid-summer, we will have essentially no waiting list, but still have a population substantially below that which was historical.

Frankly, we believe there are many more out there who need and want to come to the homes, but the adverse publicity that has been associated with what you heard our Chairman relate here today, the financial solvency issue, the homes having enough money for the long-term, for the future, is frankly causing many who call and inquire about coming to the home to delay making that decision because, I think understandably, very elderly people—our average resident's age is 76—at least in their own minds are casting their final lot, and they do not wish to cast it somewhere where they might be displaced in their 80s or 90s.

We are confident that there will be a solution. We tell these people that. But still and all, until they can read in the public press that the future of the homes is not in jeopardy, there will be some, perhaps many, who want and need our services very badly, but choose not to come. We see that as our major problem. I should think right now we may be reversing that perception among elderly veterans that the homes are truly here to stay and that they can count on us. And we thank you for your support in helping, by your statement, to let people know that you stand behind what we do for the long term.

Captain VASQUEZ. Mr. Chairman, on behalf of the United States Naval Home, we are happy to report that we have no waiting list. You would think that that is a good thing, but in essence it is not; because I have a total of 601 units, and I have 162 vacancies this morning. The reasons for those vacancies are identical to the ones that General Hennessee has just enumerated, and that is the adverse publicity on the impending insolvency of the trust fund would make it a very unwise thing for our senior citizens to make such a decision and risk a second displacement.

Mr. PORTER. How much money is in the trust fund?

BG HENNESSEE. At the end of the last fiscal year, there was $102 million in the trust fund.

Mr. PORTER. And how fast are we drawing that down?

Mr. LACY. The deficits each year are running on average about $8 million to $10 million, depending on the capital needs.

Mr. PORTER. My final question is, is the number that was submitted in the President's budget the same as the number you submitted to OMB?

Mr. LACY. It is within $150 thousand dollars on the O&M side. OMB has been supportive. They did ask us to juggle some timing on capital, but which was not a problem for us.

Mr. PORTER. Couldn't you ask us for the $8 to $10 million from the appropriation and preserve the trust fund?

Mr. LACY. We could certainly do that. We have not had support in the past for that kind of appropriation. Historically, the homes have been funded from this trust fund, and a direct appropriation would certainly close that gap.

Mr. PORTER. Well, where does the money from the trust fund come in? I guess maybe I do not know the mechanism.

Mr. LACY. It comes from a number of sources. It comes from the 50 cents from the enlisted active duty service people per month. It comes from the fines and forfeitures from all of the services. It comes from fees that we charge the residents based on a percent-

age of income. Those have been increased over the past 3 years based on congressional authority to do that.

Currently those fees are 40 percent for people in apartments and 65 percent for people in health care. And then, of course, we earn income off the investment of our trust fund.

Mr. PORTER. But the trust fund is kind of an invested checking account, in a way, because you are drawing in your revenues from there, except for the ones coming from Congress, and you are paying out your expenses?

Mr. LACY. And we are paying out, that is right, and we are self-sufficient. We have not relied on taxpayer money. All the resources come from that trust fund. The problem is, we have this gap because the fines and forfeitures and the revenue from the 50 cents has decreased as the forces have been downsized.

Mr. PORTER. If the 50 cents were $1, where would the trust fund be?

Mr. LACY. That would resolve the deficit related to our O&M. It would still leave us a couple of millions of dollars short for the long term and for capital needs.

Mr. PORTER. If you sold the 49 acres and put those funds into the trust fund and, from that, earned income, where would that leave you?

Mr. LACY. We believe that the best option for us may actually be to have a long-term lease and generate income from the lease of that land; and we would hope to be able to generate in the $2-to-4-million-a-year range.

Mr. PORTER. Those two things would bring you fairly close?

Mr. LACY. Exactly right. They would actually, for the most part, resolve the problem for the long term for us.

Mr. PORTER. Finally—and I know I am running over my time, but the increase, as we compute it, is 2.3 percent. I suppose if you backed out the capital expenditures, it would be higher than that and, therefore, higher than inflation. It just seemed to us, looking at the numbers, it is below the rate of inflation, which is obviously pretty low.

Mr. LACY. Well, we have held our expenses very tightly over the past decade. We knew when the AFRH was created in the early 1990s, which brought the two homes together, that this funding stream was going to be in jeopardy, so we have taken steps over the years. We are actually operating at 26 percent less FTEs than we were in about 1991 or 1992.

Our O&M budgets basically ran flat in absolute dollars for the past 5 years—in other words, losing against inflation. This is one of the first years we have had a slight increase in O&M in 5 or 6 years and that is primarily because of required pay raises that the government has passed. And those have doubled up on us, in effect, and that is what is causing part of the problem.

Mr. PORTER. Let's see if we can make the year 2000 the year that you get over this. It sounds like you and your directors are doing an excellent job of managing the funds that you have and keeping the homes up to standard and providing the services that you ought to be providing. We just have to get this financial problem solved somehow.

Mr. LACY. Any support you could provide us, we would certainly appreciate it.

Mr. PORTER. We will do our best.

Mr. Cunningham.

Mr. CUNNINGHAM [presiding]. Thank you, Mr. Chairman. And you are absolutely right. One of your biggest supporters is Duncan Hunter, my seatmate right there, from San Diego, California. If any of that property takes out the golf course, though, he may oppose that. He is a big golfer.

You know, in a very bipartisan way, we are going to take care of some of the other needs for our veterans. In many areas, in rural areas, TRICARE, other Band-Aids for veterans' health care that have been promised, have not lived up to the promise that we have offered for our veterans. And we are losing veterans every single day, especially from World War II.

We will, this year, pass a bill that offers prescription drugs to the most needy of our citizens. We will not do it like the Democrats want to do and make all prescription drugs under the government, because we have many systems out there where people do not have those needs. They have insurance, they have the wherewithal to afford those kinds of things. And we will not have a big government subsidy or program that controls all prescription drugs. I think that is good.

Secondly, we will have HMO reform; and again, we will not do it like the Patients' Bill of Rights that the Democrats want, because in that particular bill, it not only sues the HMOs—and I think the HMO, if they are guilty of some negligence, then they should be sued. But if you have an unlimited amount that you can be sued for in damages, compensatory damages, you can imagine what that will do to the cost of health care, to you or anybody else, whether they are military or civilian, that qualifies for that.

The second aspect we will not allow is that under the Patients' Bill of Rights, you can not only sue the HMO, but if you have a business or a home and you hire an HMO to give your people health care, then the liberal trial lawyers will come down and sue the business who, in good faith, hired those HMOs for health care for their employees; and we are not going to allow that.

But we are going to have an HMO reform bill this year. We are going to provide prescription drugs for the needy.

I think the bipartisan support of FEHBP on the part of both Republicans and Democrats, the same thing that a civilian gets, sitting up here and working for this government, health care, you when you retire in the military are not afforded that.

It is a pilot program right now. The White House kind of threw some cold water on it by telling people, if you get on this pilot program, you may not be able to get back on the other system when you come back, and it has been very narrowly confined, so that in my opinion, it has not had an opportunity to flourish.

But we are going to do that, too; and I think that FEHBP, to keep the promise to our veterans for health care, is going to be a big support for the things that you are trying to do in the home as well, stand down for the homeless and things like that that have gone forward. And I like to think that in this decade, one of the things that we are looking at in this committee that the chairman

champions is medical research. The genomics program, in which they did not think it was going to be until 2012 before they could map out what took Mother Nature millions of years, looking at our gene sequences, to determine what genes cause cancer, what genes cause diabetes, and those kinds of things; and they are doing that right now. And Dr. Varmus, who has left NIH, but Dr. Klausner with cancer and every—stem cell research, which you can take a veteran that has burns or that has been paralyzed, or their children that have juvenile diabetes, and even inject cells into that child that produce insulin so they do not have to get blood tests.

These are some of the things, not directly related with the homes, but they affect them in a very positive way. And I am excited this next year and this next couple of years as far as what we are going to be able to do, not only for veterans but for the population in general.

I think Chairman Porter asked about all the questions I wanted to ask as far as infrastructure and so on, and especially I was going to ask the question about the sale of the property, and I think probably lease is better. You have an ongoing revenue out there.

San Diego, where I reside, has a buffer between Los Angeles and San Diego so that we do not become a multicity where you just go from one city to another, like Los Angeles, and that is called Camp Pendleton. If you look at Washington, D.C., and all of the massive housing developments that we have, and it is growing also like everywhere else in the country, we have a small area that we have birds and we have squirrels and we have foxes; and when you talk about the environment out there—as a matter of fact, those squirrels, they come up and you cannot swish them away. You have to take care of those little black squirrels that go right up your leg if they are not careful.

BG HENNESSEE. Residents feed them, Mr. Cunningham.

Mr. CUNNINGHAM. I know, and they expect to be fed when you are out there; and if you do not feed them, they get upset.

So I want to commend all of you for what you do. So many times our veterans are left behind. I look at Ron Kovic and "Born on the Fourth of July," how that was mistreated totally when he came back from Vietnam and a lot of people chastise Ron Kovic, but the liberals reached out to him and for the first time someone said, hey, come in with us. And in that kind of a situation, it should be our United States Government that reaches out to those individuals and says, hey, come on. We recognize what you did for your country and we are going to support you; and many of us feel that way.

So I do not chastise Ron Kovic, I think he is a victim in many different ways and was used in many different ways. But I want to thank you for what you did. And anything else you would like to say? Because the chairman frankly covered the questions that I was going to ask you. But thank you and God bless you for what you are doing.

The committee will stand briefly in recess.

[Recess.]

[The following questions were submitted to be answered for the record:]

AFRH TRUST FUND

Last years hearing revealed that the Armed Forces Retirement Home's trust fund would be exhausted by 2004. To augment the homes retirement fund, in 1995 Congress authorized a 50-cent monthly increase in the enlisted active duty pay deduction.

Has the Department of Defense implemented this increase? If not, do you know why not?

The current $.50 per month pay deduction produces just over $7 million in annual revenue. The legislative authority conveyed by the Congress in 1995 authorized DoD to increase the pay deduction to $1.00 per month, thus doubling these revenues to about $14.1 million annually. We understand OSD currently has the increase under active consideration, and we are hopeful that it will be approved for implementation in the near future. Without the increase, our Trust Fund will not be viable after 2005-2006, but with the additional $7 million per year, in conjunction with the sale or lease of the 49 acre parcel at the USSAH, the Trust Fund would become financially stable for the foreseeable future

AFRH LAND

In last year's budget justification hearing, you related that the National Defense Authorization Act directed the Armed Forces Retirement Home to sell a 49-acre tract of property.

What is the status of that property?

The AFRH is proceeding as directed by the National Defense Authorization Act for Fiscal Year 2000 which requires sale or lease of the land by the end of the fiscal year. The AFRH contracted through the U.S. Army Corps of Engineers for an independent appraisal, based on best and highest economic use, in accordance with Uniformed Standards of Professional Appraisal Practice (USPAP). The Corps of Engineers reviewed and approved the report of appraisal. The appraisal has been designated "close hold, procurement sensitive" in order not to prejudice the market place in executing the statutory requirement: to solicit the highest bona fide offer for the purchase or lease of the property. The report of appraisal projects a significantly greater value to the Armed Forces Retirement Home Trust Fund through conveyance by long term lease rather than sale. Ultimately, this decision rests with the market place, and we are now executing those steps that will permit us to solicit offers. Additionally, the law provides Catholic University of America with the opportunity to match the highest bona fide offer received. The Department of Defense is currently reviewing the appraisal at the request of the AFRH Board. Our staff is pursuing the award of a contract for title search and Phase 2 Environmental Assessments.

PROJECTED NUMBERS OF ELIGIBLE RETIREES

In this year's budget justification, your estimates of total residents have steadily increased.

What estimates of future residents beyond fiscal year 2001 have been projected? What specific plans do you have for accommodating this increase in residents?

Actuarial studies indicate that we can expect the number of eligible retirees to remain steady at well over one million. The total number of potential eligibles is estimated at over 20 million. In about 2015 the pool will begin to shrink slightly; however, the number of women will increase as a percentage of the remaining group of eligibles.

At present we have decided to maintain the AFRH at the level indicated in our budget request for FY 2001. Any increase above that level depends largely on the financial stability of the Trust Fund and the demand for additional residents. If financially stable, by FY 2003 the AFRH will be prepared to serve about 2000 residents.

ADDITIONAL AVENUES OF FUNDING

In last year's budget justification, the Combined Federal Campaign was utilized for revenue enhancement for the retirement home.

What were the results of this participation, specifically dollar amounts?

The Armed Forces Retirement Home Foundation was recently created as a private, non-profit entity. The Foundation, which recently hired an experienced fund raiser, is looking into programs such as deferred giving, corporate giving and other fund raising mechanisms.

The Foundation is also the recipient of all funds collected under the Combined Federal Campaign. During the 1998 campaign, the first year of the Foundation's existence, it received approximately $28,500. We must point out that the Foundation appeared only on the list of the Washington, DC. campaign for that year. Recent efforts by the Foundation will ensure nationwide and overseas eligibility next year in the CFC campaign. The 1999 campaign ended several months ago; however, to date we have not yet received an indication of the amount credited to the Foundation. We expect that with worldwide exposure, the Foundation will steadily increase its portion of funds from the CFC. Ultimately, the Foundation will direct these monies towards projects at the AFRH to benefit the residents and offset or augment expenditures from the Trust Fund.

In addition to the CFC, we have been able to establish a program of voluntary retiree allotments under which retired military personnel allot a given amount to the AFRH from their monthly retirement pay. This is the third year of the program. In FY 1998 we took in $29,000, in FY 1999 the program expanded to bring in $140,000 and this year we expect an intake of at least $160,000. We feel that this program has enormous potential as we continue our efforts to market the idea to the retirees.

We have offered, through the General Services Administration, to lease unused buildings on the USSAH grounds to government agencies. To date, we have one tenant activity from the Smithsonian Institution.

These initiatives are in addition to our major initiatives to implement congressionally approved actions to increase the active military pay deduction to $1 per month, and to sell or lease the 49 acres of USSAH land east of North Capitol Street to gain income for the Trust Fund.

MEASURING PATIENT CARE

In this year's executive summary statement, you relate that you will "provide a continuum of care and services in a retirement community for retired and former members of the Armed Forces, enabling them to live among friends in the atmosphere of personal dignity, as authorized by law."

How does the Retirement Home measure performance success?

The Homes measure Resident quality of life through survey and inspections. In 1996 we conducted a comprehensive satisfaction survey of all Residents. The analysis of survey results has served as a base line for the goals and objectives of our strategic plan. In the Spring of 1999, we conducted the first follow-up to that survey. Approximately 800 residents completed the second survey for an overall response rate of 54%. Overall the vast majority of Residents (80% indicated they were satisfied with their lives at the Home.

Department of Defense Inspector General teams regularly inspect the AFRH. The latest inspection in 1999 by a Department of the Army team gave the Home high praise for resident care, quality of life and overall satisfaction.

Administratively, we monitor all medical records for content, and appropriate documentation. We review treatment plans and, where appropriate, follow nationally recommended protocol guidelines. Pharmacy and Therapeutics and Infection Control Committees monitor the use of medications and all infections. We review all death cases. On a 3-year cycle, health care activities are surveyed and inspected by the Joint Commission on Accreditation of Health Care Organization (JCAHO). We submit a facility analysis report quarterly to the Joint Commission addressing specified domains of care. Finally all aspects of care are reviewed by subcommittees of the local Boards of Trustees (Health Care Matters Committees) and the Armed Forces Retirement Home Board (Review and Oversight Committee) Homes. The health care unit at the USSAH is a three-time recipient of the highest rating with commendation, placing the unit among the top 10% of such establishments in the US.

The USSAH is also a charter facility of the Vital Research Survey project. Vital Research surveys our long term residents every two years for satisfaction in multiple areas of care and correlates those finding with family perceptions. Their surveys indicate a high level of satisfaction with the quality of the Home.

INCREASE OF FULL TIME EMPLOYEES

Staffing figures in this year's budget justification indicate an increase of four Full Time Employees for fiscal year 2001.

Why are you requesting an additional four Full Time Employee positions?

The four FTEs represent a management decision to retain a small cadre of custodial personnel for a function that has been out-sourced. These personnel, available to respond to situations for which contracting would be prohibitively expensive, enable the managers to maintain flexibility and a high level of care for our residents. In spite of this small, managerially prudent increase, we remain at a level 26% below our FTEs in the early 1990s. In fact, we remain below the FTE target level set by OMB of 785 FTEs for FY 2000.

INCREASE IN RESIDENTS FEES

The Armed Forces Retirement Home staff has stated that it has implemented various programs to increase efficiencies in its operations.

What are these programs, and how much has been saved by implementing them? With this cost saving effort, how much more have residents been asked to pay for their services?

Residents have experienced major increases in fees which have grown to 40% of all income for Independent Living and 65% of all income for permanent Health Care Residents for FY 2000. The average monthly fee for Independent Living residents increased by $102 to $700 and the average monthly fee for permanent Health Care residents increased by $369 to $1120 in FY2000. Our annual revenues have increased $ 2.2million per year as the result of this latest fee change. This most recent increase is the last in a series of congressionally mandated increases to resident fees over the past three years.

The FY 1999 Inspector General Report suggested and the AFRH recommended conducting an Most Efficient Organization (MEO) study with the goal of identifying cost savings and efficiencies. The Department of Defense provided a contractor, on a non-reimbursable basis, to conduct the MEO which is underway. We expect to complete the study later this summer.

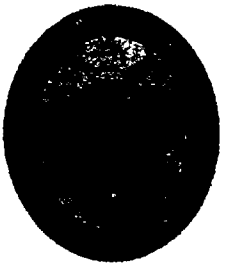
Over the past several years, we have been able to keep costs below inflation levels through staff reductions (26% in the 1990s), consolidation of functions, closing of buildings and out-sourcing. For example, we have eliminated most of the in-house custodial staff through contracting out. We are now combining the personnel and accounting operations of the USSAH and USNH. Further, in some recreational areas we have been able to reduce cost by having sponsors from the military community. The AFRH is at the point where further staff reductions will result in a deterioration of the standard of care delivered. Through these efficiencies, we have kept our O&M budget virtually flat for the past five years.

CAPITAL OUTLAY

Your budget requests a decrease of nearly $3 million in capital outlay funds.

Can you tell us what projects you have completed so far and what new projects will you be able to do with the FY 2001 request?

The U.S. Soldiers' and Airmen's Home (USSAH) has just completed a multi-year renovation of one of its dormitories. The Fiscal Year 2001 capital investment request for the USSAH is $1.7 million. The funds will be used for roof replacement, utility tunnel repair, and the rehabilitation of infrastructure. This funding is part of a multi-year program that responds to the 1994 Congressional mandate to modernize real property facilities at the USSAH. The remaining amount of about $8.2 million reflects capital requirements dedicated to the construction of the Health Care Facility at the U.S. Naval Home. An additional $6.2 million will be required in the FY02 Budget to complete this long-term Health Care Facility at the USNH. During the out-years, we expect to average $2-3million in capital outlays per year to support infrastructure and replacement of capital assets.





Armed Forces Retirement Home

FISCAL YEAR 2001
BUDGET REQUEST
CONGRESSIONAL SUBMISSION

ARMED FORCES RETIREMENT HOME

EXECUTIVE SUMMARY

The Armed Forces Retirement Home Act of 1991 (Public Law 101-510) incorporated the United States Soldiers' and Airmen's Home and the United States Naval Home into an independent establishment within the Executive Branch of the Federal Government to be known as the Armed Forces Retirement Home. The mission of the Armed Forces Retirement Home (AFRH) is:

a. To provide a continuum of care and services in a retirement community for retired and former members of the Armed Forces, enabling them to live among friends in the atmosphere of personal dignity, as authorized by law.

b. To provide the highest quality of residential, social, and/or health services to the AFRH residents emphasizing a holistic approach toward each individual which stresses the excellence of these services in meeting the needs and expectations of the current and future residents of the Home.

c. To retain the unique service identity, atmosphere, and tradition of these historic institutions.

ARMED FORCES RETIREMENT HOME

Trust Funds

ARMED FORCES RETIREMENT HOME

For expenses necessary for the Armed Forces Retirement Home to operate and maintain the United States Soldiers' and Airmen's Home and the United States Naval Home, to be paid from funds available in the Armed Forces Retirement Home Trust Fund, [$68,295,000] $69,832,000 of which [$12,696,000] $9,832,000 shall remain available until expended for construction and renovation of the physical plants at the United States Soldiers' and Airmen's Home and the United States Naval Home: *Provided,* That, notwithstanding any other provision of law, a single contract or related contracts for development and construction, to include construction of a long-term care facility at the United States Naval Home, may be employed which collectively include the full scope of the project: *Provided further,* That the solicitation and contract shall contain the clause "availability of funds" found at 48 CFR 52.232-18 and 252.232-7007, Limitation of Government Obligations. In addition, for completion of the long-term care facility, $6,228,000 to become available on October 1, 2001, and remain available until expended. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2000, as enacted by section 1000(a)(4) of the Consolidated Appropriations Act, 2000 (P.L. 106-113).*

ARMED FORCES RETIREMENT HOME
AUTHORIZING LEGISLATION
($ in 000)

Activity	2000 Actual Appropriation	2001 Authorization	2001 Request
Operation and Maintenance	$ 55,599	$60,000	$60,000
Capital Outlay	$12,696	$ 9,832	$ 9,832
FTE's	785	789	789

The Operation and Maintenance funds are requested to provide a continuum of care to support 1,770 residents of which 280 are in long-term health care. The Capital Outlay requests are as follows:

Construct Health Care Facility - (HCF) - The third phase of construction of the USNH HCF to include an Outpatient Clinic, Long Term Care Ward and an Assisted Living Ward. Construction begins in FY 00 to be completed in FY 02. The existing Long Term Care Unit (LTCU) was designed around 1970, and Assisted Living Units (ALU) were originally independent living units. Neither setting meets current retirement home standards, nor do they meet any standards for handicap accessibility. The HCF project includes the demolition of Building 5 and the expansion of the parking lot over the location of the razed Building 5. The expanded parking will recover the lost spaces from construction and add spaces for increased population. Also included in the project is an Energy Center for heat, ventilation and air conditioning and warehouse spaces to replace those lost in Building 5. The fourth and final phase of the HCF will be a part of the Capital Request in Fiscal Year 2002 Budget at a cost of $6,228,000.
Estimated cost: $8,162,000.

Roof Replacement - (USSAH) - Funds the continuation of a multi-year program begun in FY 96 to replace roofs that have multiple leaks and range in age from 30 to 50 years.
Estimated cost - $430,000.

Rehab Utility Tunnels - (USSAH) - Funds a multi-year project to renovate/restore 4,500 linear feet of steam tunnels and stanchions supporting steam lines. **Estimated cost: $390,000.**

Paint Interior/Exterior Surfaces - (USSAH) - Funds second year of a multi-year program to eliminate a backlog of deferred maintenance. Failure to fund will contribute to further deterioration of painted surfaces and greater future expense. **Estimated cost: $400,000.**

Rehab Sherman Retaining Wall - (USSAH) - Funds the restoration of the wall surrounding the Sherman Building. The wall has caved in at several points and has been temporarily shored up to preclude further damage to the building and to alleviate a safety hazard.
Estimated cost: $450,000.

ARMED FORCES RETIREMENT HOME
BUDGET AUTHORITY BY ACTIVITY
($ In Thousands)

	FY99 Actual Amount	FY00 Est. Amount	FY01 Est. Amount	Increase or Decrease Amount
TOTAL OBLIGATIONS	$64,530	$68,035	$69,832	$1,797
O&M BUDGET AUTHORITY	$54,617	$55,599	$60,000	$4,401
CAPITAL OUTLAY	9,913	12,436	9,832	($2,604)
TOTAL BUDGET AUTHORITY	$64,530	$68,035	$69,832	$1,797
TOTAL FTE's	799	785	789	4

ARMED FORCES RETIREMENT HOME
CAPITAL OUTLAY
($ in Thousands)

FY99 APPROPRIATION

Sheridan Renovation	10,400	
Scott Conversion and Infrastructure Repair	400	
Furnishings for Sheridan	1,500	
Construct Health Care Facility	3,000	
Gas Main Repairs	192	
Sewage System Repairs	225	
TOTAL		**$15,717**

FY00 APPROPRIATION

Scott Conversion to Health Care	1,400	
Construct Health Care Facility Outpatient/Dining	4,386	
Upgrade Existing Infrastructure	2,420	
Roof Replacement	520	
Rehab Utility Tunnels	1,480	
Enviromental Remediation	280	
Paint Interior/Exterior Surfaces	400	
Repair A/C Systems	450	
Demolish Barnes Building	140	
Completion of HVAC Renovation	300	
Design and Repair Pedestrian Bridge	155	
Renovate/Rebuild Coolers/Freezers	80	
Renovate Bowling Alley	75	
Repair Air Handlers	350	
TOTAL		**$12,436**

FY01 APPROPRIATION

Construct Health Care Facility	$8,162	
Roof Replacement	430	
Rehab Utility Tunnels	390	
Paint Interior/Exterior Surfaces	400	
Rehab Sherman Retaining Wall	450	
TOTAL		**$9,832**

FY02 APPROPRIATION (Funds become available 1 Oct. 2001)

Construct Health Care Facility	**$6,228**

ARMED FORCES RETIREMENT HOME
SUMMARY OF CHANGES (O&M)
($ in Thousands)

FY00 O&M Appropriation	$55,599	
Reimbursable Obligations	233	
		$55,832
FY01 O&M Request	60,000	
Reimbursable Obligations	233	
		60,233
Net Change		**$4,401**

	2000 Current Estimate Base Workyears (FTE's)	2000 Current Estimate Base Budget Authority	Change from Base Workyears (FTE's)	Change from Base Budget Authority
Increases:				
A. Built-In:				
1. Mandatory growth in base payroll costs. Including periodic step increases, career ladder promotions, annualization of the FY00 pay increase and FY01 pay increase.				
Increase in FTEs	785	$38,652	4	$2,978
2. Non-salary increases:				
Travel/Leasing		434		13
Communications, utilities, and rents		3,568		78
Printing & Reproduction		56		2
Other Services		7,868		163
Supplies and materials		5,169		112
Equipment		83		2
3. Increases due to program changes				
Travel/Leasing (primarily travel requirements for the AFRHB)				29
Electricity				28
Natural gas				19
Other Services (chaplain services , audit, elevator maint & annual svc contracts)				399
Routine Supplies				148
Subsistence (increase in resident population)				299
Equipment				155
TOTAL BUILT-IN INCREASES				$4,425
Decreases				
A. Built-In:				
2. Non Salary decreases				
Pharmaceutical/Medical Supplies				(13)
Transportation of things				(8)
Other rentals				(3)
TOTAL BUILT-IN DECREASES				($24)
NET CHANGE			4	**$4,401**

ARMED FORCES RETIREMENT HOME
TOTAL OBLIGATIONS BY OBJECT CLASS
($ In Thousands)

	FY 99 ACTUAL	FY 00 ESTIMATE	FY 01 ESTIMATE	INCREASE (DECREASE)
NUMBER OF FTE	799	785	789	4
11 PERSONNEL COMPENSATION	$29,878	$30,462	$32,775	$2,313
12 PERSONNEL BENEFITS	7,501	8,125	8,790	665
13 BENEFITS, FORMER PERSONNEL	40	65	65	0
21 TRAVEL/LEASING	227	434	473	39
22 TRANSPORTATION OF THINGS	6	16	9	(7)
23 COMMUNICATIONS, UTILITIES:	3,247	3,485	3,605	120
24 PRINTING AND REPRODUCTION	52	58	60	2
25 OTHER SERVICES	7,836	7,848	8,410	562
26 SUPPLIES AND MATERIALS	5,254	5,252	5,801	549
31 EQUIPMENT	807	83	241	158
32 LAND & STRUCTURES (CAPITAL OUTLAY)	9,913	12,436	9,832	(2,604)
42 CLAIMS	2	4	4	0
SUBTOTAL DIRECT OBLIGATIONS	$64,763	$68,268	$70,065	$1,797
LESS REIMBURSABLE OBLIGATIONS (O&M)	233	233	233	0
TOTAL OBLIGATIONS	$64,530	$68,035	$69,832	$1,797

ARMED FORCES RETIREMENT HOME
APPROPRIATIONS HISTORY FY92-FY99
($ in Thousands)

FISCAL YEAR	DESCRIPTION	BUDGET CONGRESS	AUTHORIZED	APPROPRIATION HOUSE ALLOWANCE	APPROPRIATION SENATE ALLOWANCE	FINAL APPROPRIATION
1992	O&M	$52,178	$52,178	$50,636	$52,178	$51,407
	CO	5,473	5,473	5,473	5,473	5,473
1993	O&M	54,306	55,077	51,713	53,232	52,892
	CO	7,651	7,651	4,651	6,473	6,425
1994	O&M	54,289	56,488	53,914	53,914	53,914
	CO	5,416	5,416	5,403	5,403	5,403
1995	O&M	55,140	56,411	56,910	56,931	56,411
	CO	2,906	2,906	2,906	2,906	2,906
1996	O&M	57,069	57,069	56,135	51,898	53,931
	CO	2,051	2,051	2,051	1,857	1,954
1997	O&M	55,340	56,868	52,752	55,772	55,772
	CO	432	432	432	432	432
1998	O&M	55,452	55,452	55,452	55,452	55,452
	CO	24,525	24,525	13,217	10,000	13,217
1999	O&M	55,028	55,028	55,028		55,028
	CO	15,717	15,717	15,717		15,717
2000	O&M	55,599	55,599	55,599		55,599
	CO	12,696	12,696	12,696		12,436
2001	O&M	60,000	60,000			
	CO	9,832	9,832			
2002	CO	6,228	6,228			

ARMED FORCES RETIREMENT HOME
STAFFING HISTORY
($ in Thousands)

FISCAL YEAR	SALARIES & BENEFITS	FTE's
1992	$36,933	1,063
1993	38,215	1,045
1994	39,026	1,031
1995	39,312	989
1996	37,655	903
1997	37,671	865
1998	37,605	841
1999	37,419	799
2000	38,652	785
2001	41,630	789

ARMED FORCES RETIREMENT HOME
RESIDENT DATA

	ACTUAL FY99	EST. FY00	EST. FY01
Domiciliary Care	1,253	1,365	1,490 *
Health Care	276	280	280
Total Residents	1,529	1,645	1,770

* Completion of domicilary renovations

ARMED FORCES RETIREMENT HOME BOARD

Chair/Retirement Home Expert
Mr. David F. Lacy, Executive Director, Southminster, Charlotte, NC

Retirement Home Expert
Mr. Robert B. Armstrong, Bolster Heights Health Care Facility, Auburn, ME

Gerontologist
Dr. Jan Busby-Whitehead, University of North Carolina, Chapel Hill, NC

Gerontologist
Vacant

Deputy Assistant Secretary of Defense (Personnel Support, Families & Education)
Mr. Victor Vasquez, Jr.

Department of Defense Comptroller Representative
Mr. William C. Coonce

Department of Defense Health Affairs Representative
Dr. J. F. Mazzuchi, DASD, Clinical Services

Department of Defense General Counsel Representative
CAPT M. D. Newman, JAGC, USN

Deputy Chief of Staff, Personnel, Department of the Army
LTG David H. Ohle, USA

Chief of Naval Personnel
VADM Norbet R. Ryan, Jr., USN

Chief Master Sergeant of the Air Force
CMSAF Frederick J. Finch, USAF

Sergeant Major of the Marine Corps
Sergeant Major Alford L. McMichael, USMC

Sergeant Major of the Army
Sergeant Major Robert E. Hall, USA

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Master Chief Petty Officer of the Navy
MCPON James L. Herdt, USN

Office of Management and Budget Representative
Mr. David Morrison, Deputy Associate Director, National Security Division

Department of Veterans Affairs Representative
Ms. Marsha Goodwin-Beck

Department of Health and Human Affairs Representative
CAPT Peter P. Mazzela, Jr., USPHS, Director, Office of Veterans' Affairs and Military Liaison

Service Retiree Council Representative
CSM Robert R. Mix, USA, Ret, Director of Military Affairs, National Capital Office, Noncommissioned Officers Association

Director, U.S. Soldiers' and Airmen's Home
MG Donald C. Hilbert, USA, Retired

Chair, USSAH Board of Trustees
Lieutenant General Donald L. Peterson, USAF

Director, U.S. Naval Home
CAPT Jesse H. Vasquez, MSC, USN

Chair, USNH Board of Trustees
Sergeant Major of the Marine Corps Retired Harold Gene Overstreet

Chair, Resident Advisory Committee, U.S. Soldiers' and Airmen's Home
Ms. Mimi Rivkin

Chair, Resident Advisory Committee, U.S. Naval Home
Ms. Velda White

Executive Director
Dr. Laurence G. Branch

AFRH Board Staff
Ms. Nancy D. Duran, Assistant to the Chair
Ms. Judy W. Mayfield, Program Assistant

TUESDAY, MARCH 28, 2000.

NATIONAL LABOR RELATIONS BOARD

WITNESSES

JOHN C. TRUESDALE, CHAIRMAN, NATIONAL LABOR RELATIONS BOARD

LEONARD PAGE, GENERAL COUNSEL

HARDING DARDEN, BUDGET OFFICER

Mr. PORTER. The subcommittee will come to order. We continue our hearings on the budget for fiscal year 2001 with the National Labor Relations Board, and we are pleased to welcome the chairman, John Truesdale, for the second year, and the new General Counsel, Leonard Page for the first time. We are also pleased to welcome, Harding Darden. Harding Darden is the Budget Officer.

Mr. Truesdale.

INTRODUCTION OF WITNESSES

Mr. TRUESDALE. Thank you, Mr. Chairman. You have already introduced our new General Counsel, Leonard Page and our Budget Officer, Harding Darden, a man on whom I rely heavily, and we have placed him here in the middle so he can most conveniently be of help to me and Mr. Page.

Also I would like—as you know the NLRB, by practice, three members of the President's party and two members not, and today we have one of the Republican members of the Board with us, Mr. Peter Hurtgen.

At the outset, I want to convey the agency's gratitude for your fairness to the NLRB during your years as Chairman of this subcommittee. Your dedication to our mission has been felt not only by agency staff, but by the many stakeholders whom we serve. And with the Chairman's permission, I will just give a brief summary of my statement which is submitted for the record.

OPENING STATEMENT

I appreciate this opportunity to appear before you once again as Chairman of the National Labor Relations Board to testify in support of the agency's budget request for fiscal year 2001. The fiscal year 2001 budget before you request an appropriation of $216,400,000 so the NLRB can fulfill its responsibilities to protect the rights and enforce the responsibilities of employees, employers and unions under the National Labor Relations Act. This request will enable the agency to administer and enforce the Act effectively and efficiently by providing the necessary resources to, one, diminish the current case backlog in the field and before the five member Board; two, continue our information technology program; three,

better train our staff to ensure the consistent and fair adjudication of cases.

In developing its strategic plan for fiscal year 2000–2006, the NLRB revised its performance goals to focus on the two functions fundamental to the agency mission; to resolve questions concerning representation impartially and promptly; and also to investigate, prosecute and remedy unfair labor practice cases by employers or unions impartially and promptly.

To repeat what I told this committee last year, my sole agenda as Chairman has been to intensify our efforts on the primary function of the five-member Board which is getting cases out, in particular, our oldest cases. I and my fellow members of the Board have adhered to my pledge to this committee last year to avoid political entanglements, to avoid proposing or commenting on substantive legislation, and to attack our oldest cases and reduce our pending caseload.

BOARD PERFORMANCE GOALS

My colleagues and I continue working hard to get the Board's caseload down to a level that would befit an efficient professional adjudicatory organization. With this in mind, the Board has set ambitious case handling goals in both the fiscal year 2000–2006 strategic plan, and the fiscal year 2001 annual performance plan.

Last year our goal was to issue all representation cases over 2 years old and all ULP cases over 3 years old. As indicated in my statement for the record, we achieved nearly 90 percent of the goal. Our goal this year is to issue representation cases more than 20 months old and unfair labor practice cases over 30 months old. The Board's fiscal year 2001 performance measures will strive to issue all representation cases that have been pending more than 18 months and all unfair labor practice cases pending more than 24 months in fiscal year 2001.

We will continue to ratchet the goals down until there is no case pending at the board more than 1 year by fiscal year 2006.

FISCAL YEAR 2001 REQUEST

The nature of the work of the NLRB is very labor intensive. Therefore, most of the budget is dedicated to personnel costs, 77 percent, and rental payments to the General Services Administration, 11 percent.

The fiscal year 2001 budget request of $216,400,000 represents a 5.2 percent increase over that of fiscal year 2000. The additional 10,700,000 we seek for fiscal year 2001 would cover mandatory adjustments in employee compensation, complete the agency's information technology modernization effort, support training in case handling and use of new technology, and provide for an additional 55 FTE over the fiscal year 2000 FTE level of 1,947 to help diminish the current backlog in the field and headquarters.

Mr. Chairman, the critical role of the NLRB in contributing to economic stability and facilitating the unimpeded flow of commerce is the fundamental justification for the fiscal year 2001 request before your committee. In order for the Board to permanently eliminate unwarranted delays and maintain consistently low backlogs, it is clear that there must be continued cooperation and consensus

in the labor management community and in Washington in support of maintaining a fully staffed and funded Board to effectively protect employee and employer rights and to promote the peaceful resolution of disputes under the National Labor Relations Act.

The National Labor Relations Board respectfully requests favorable consideration by the Congress to enable the agency to effectively enforce the Act and protect the rights of all parties covered by it. This concludes my statement. When the General Counsel has completed his statement, my colleagues and I welcome the opportunity to answer any questions you may have.

Mr. PORTER. Thank you Mr. Truesdale.

[The prepared statement follows:]

NATIONAL LABOR RELATIONS BOARD

Statement by

John C. Truesdale
Chairman

On

Fiscal Year 2001 Request

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you once again as Chairman of the National Labor Relations Board (NLRB) to testify in support of the Agency's budget request for Fiscal Year (FY) 2001. At the outset allow me to introduce our General Counsel, Leonard Page, and Harding Darden, our Budget Officer.

The FY 2001 budget before you requests an appropriation of $216.4 million so the NLRB can fulfill its responsibilities to protect the rights and enforce the responsibilities of employees, employers, and unions under the National Labor Relations Act (NLRA) of 1935. This request will enable the Agency to effectively and efficiently administer and enforce the NLRA by providing the necessary resources to (1) diminish the current case backlog in the field and before the five-member board: (2) continue our information technology program; and (3) better train our staff to ensure the consistent and fair adjudication of cases.

NLRB'S STATUTORY RESPONSIBILITIES AND ROLE

As you are aware, the primary responsibilities of the NLRB are to adjudicate unfair labor practice (ULP) charges filed against employers and unions and to conduct secret ballot elections at which employees determine whether they desire to be represented by a union for purposes of collective bargaining with their employer.

The NLRA establishes a framework for employers, employees and unions to resolve their disputes themselves. Thus, the NLRB enforces the ground rules for labor disputes without presuming to dictate terms and conditions of employment, unlike more traditional federal regulatory processes that impose regulations on business or define employee benefits. Under our statutory framework, we cannot affirmatively regulate the parties; we can only respond to their complaints (ULP cases) or election petitions (representation cases).

To reiterate what I told this committee last year, as Chairman, I have concentrated our efforts on the primary function of the five-member Board, which is getting cases out, in particular our oldest cases. My colleagues and I continue working hard to get the Board's caseload down to a level that would befit an efficient professional adjudicatory organization.

With this in mind the Board has set ambitious casehandling goals in both the FY 2000 – 2006 Strategic Plan and the FY 2001 Annual Performance Plan. The Board's FY 2001 performance measures will strive to issue all representation cases that have been pending more than 18 months and all unfair labor practice cases pending more than 24 months in FY 2001.

ADMINISTRATIVE LAW JUDGES

Our Administrative Law Judges had another record year for productivity in FY 1999. The median time from receipt of briefs or submissions to decisions was lowered to 48 days even though the average transcript pages per decision issued has grown in recent years. As the General Counsel takes measures to expedite the processing of complaints pending in the field offices, it is expected that the caseload before our judges will increase. Our budget request will enable the Division of Judges to efficiently handle the increase in cases on the trial calendar and reduce the time it takes to get a trial started.

MEMBERS' STAFFS

The five-member Board has had a more difficult time getting a handle on its workload. Since FY 1995 pending cases have been on the rise (from 366 at the end of FY 1995 to a monthly high of 733 in February 1999). This has been due in large measure to circumstances beyond our control, namely Board Member turnover and cuts in Board Members' staffs since 1994. Nonetheless we have made significant progress since that time. By the end of FY 1999, we managed to issue almost 90 percent of the oldest cases we had targeted for issuance. We also cut the number of pending representation cases by close to half. And the overall backlog as of March 1st of this year has been reduced to 683 cases, about a 7% reduction from the high in February 1999.

The FY 2000 budget allows the Board to hire additional staff to replace FTE lost in prior years. This request for FY 2001 will enable the Board to maintain FY 2000 staffing. At the same time we will have two Board Members' terms expire in FY 2000 and FY 2001 while another currently serves a recess appointment, hence the additional funding and staffing is necessary if the Board is to realize the performance measures set forth in the Agency's Annual Performance Plan.

JUSTIFICATION FOR BUDGET REQUEST

The nature of the work of the NLRB is very labor intensive therefore most of the budget is dedicated to personnel costs (77 percent) and rental payments to the General Services Administration (11 percent). The FY 2001 budget request of $216.4 million represents a 5.2 percent increase over that of FY 2000. This level will enable the Agency to diminish the current case backlog. The additional $10.7 million we seek for FY 2001 would cover mandatory adjustments in employee compensation; complete the Agency's information technology modernization effort; support training in casehandling and use of new technology; and provide for an additional 55 FTE (over the FY 2000 FTE level of 1,947).

CONCLUSION

Mr. Chairman, the critical role of the NLRB in contributing to economic stability and facilitating the unimpeded flow of commerce is the fundamental justification of this FY 2001 request before your Committee. In order for the Board to permanently eliminate unwarranted delays and maintain consistently low backlogs, it is clear that there must be continued cooperation and consensus

in the labor-management community and in Washington in support of maintaining a fully staffed and funded Board to effectively protect employee and employer rights and to promote the peaceful resolution of disputes under the NLRA. The National Labor Relations Board respectfully requests favorable consideration by the Congress to enable the Agency to effectively enforce the National Labor Relations Act and protect the rights of all parties covered by it.

This concludes my statement. When the General Counsel has completed his statement, my colleagues and I welcome the opportunity to answer any questions you may have.

Mr. PORTER. Mr. Page.

STATEMENT OF THE GENERAL COUNSEL

Mr. PAGE. Chairman Porter and members of the subcommittee, you have my written statement for the record. I would like to give you a brief oral summary.

Thank you for this opportunity to testify today regarding the NLRB's funding request for fiscal year 2001. I have been serving as the General Counsel since late last year under a recess appointment. The President has nominated me to a 4-year term. That nomination is pending before the Senate Committee on Health, Education, Labor and Pensions. My service as General Counsel is the capstone of a career in labor law and it is truly an honor to have been chosen for this important position. I will be brief because I know you are busy and because you have the benefit of the wisdom and service of NLRB Chairman John Truesdale, as well as our long time Budget Officer, Harding Darden.

I came to the NLRB at an auspicious time, following a number of years in which the most predictable thing about the agency's funding was its unpredictability. We now seem to be on a stable path. I can well understand the corrosive effect that an uncertain budgetary picture has on an agency such as the NLRB where relatively minor fluctuations in funding can have profound implications for staffing levels, compensation, and all aspects of operations.

Under this year's budget the agency has been able to embark on a multiyear stabilization program by staffing up, conducting extensive training and increasing investment in information technology. The request for fiscal year 2001 is a modest 5.2 percent increase. This will enable the agency to meet mandatory pay increases and other cost factors, and more importantly, to continue its path to stability in staffing levels, training and technology.

The Board Members and I recently had a retreat at which we and our senior staff identified strategic goals for the next 5 years under the Government Performance and Results Act. We are revising our strategic plan accordingly and will be submitting it to Congress later this year. However, without stability and predictability in our funding, this plan would not be worth the paper it is written on. So again, I urge your favorable consideration of this request.

Lastly, Chairman Porter, although I am a newcomer to those proceedings I am well aware of the support that you have shown the NLRB as Chairman of the subcommittee. I want to thank you for that support and to wish you well in your future endeavors. Again I thank the committee for this opportunity to appear today, and we look forward to answering any questions you may have.

Mr. PORTER. Thank you, Mr. Chairman and General Counsel.

[The prepared statement follows:]

NATIONAL LABOR RELATIONS BOARD

Statement by

Leonard R. Page
General Counsel

On

Fiscal Year 2001 Request

Mr. Chairman and Members of the Committee:

It is a privilege to appear before you as General Counsel of the NLRB. As you know I accepted a recess appointment from President Clinton last November and my nomination for the position of General Counsel is currently pending before the Senate. Today I will describe how the part of the NLRB that comes under the supervision of the General Counsel has continued to enforce and implement the National Labor Relations Act (NLRA).

STATUTORY RESPONSIBILITY OF THE GENERAL COUNSEL

The General Counsel has final authority to investigate unfair labor practice charges, issue complaints, and prosecute such complaints before administrative law judges and the Board. On behalf of the Board, the General Counsel also prosecutes injunction proceedings; handles court of appeals proceedings to enforce or review Board decisions and orders; participates in miscellaneous court litigation; and secures compliance with Board orders and court judgments. Also under the general supervision of the General Counsel, 33 regional directors and their staffs process representation, unfair labor practice and jurisdictional dispute cases.

Over 70 percent of our total workforce are assigned to regional, subregional or resident offices located outside of the Agency's Washington headquarters. All field office employees are engaged in law enforcement work, as opposed to administrative coordination or oversight. Our 33 regional directors are delegated substantive decision-making authority over the 36,000 cases that come before them every year.

CASEHANDLING ACCOMPLISHMENTS

The timeliness of case processing is of significant concern to the NLRB. After thorough investigation by the regional office, approximately one-third of all charges alleging unfair labor practices are determined to have merit so as to warrant further proceedings. The field offices were able to reduce the number of situations pending preliminary investigation from 6,198 at the close of FY 1998 to 6,050 by the end of FY 1999. The number of cases awaiting hearing before an administrative law judge decreased from 1,106 at the end of FY 1998 to 847 at the end of FY 1999.

During FY 1999 the NLRB conducted 3,325 initial representation elections. It did so in a median time of 41 days from the filing of the election petition.

The Agency's effectiveness and efficiency in administering the Act is greatly enhanced by its ability to achieve a voluntary resolution of meritorious unfair labor practice cases. In FY 1999, a settlement rate exceeding 98 percent of field situations prior to formal litigation was achieved. We believe that the maintenance of a consistently high settlement rate not only assures the prompt

resolution of the majority of labor disputes, but also enables our staffing resources to be directed to reducing the number of pending cases.

FIELD OFFICE RESTRUCTURING

During FY 1999, the Office of General Counsel undertook an examination of its field office structure to determine whether their location, size and status best facilitated the enforcement and administration of the Act in the most cost-effective manner. Input was invited from Agency stakeholders, including labor organizations, employer groups, the bar, and elected government officials as well as from Agency managers, supervisors and employees.

In November 1999, my predecessor recommended and the Board agreed that the Peoria, IL Regional Office (Region 33) would be reclassified as a subregional or resident office within Region 14, which is based in St. Louis. In addition, resident offices in Albuquerque, San Antonio, Little Rock, Jacksonville, and Tulsa will be restructured by relinquishing their current leased space and sharing space with the U.S. Department of Labor or other Federal agencies in their geographic locations. The restructuring of these offices will be accomplished during FY 2000 as current leases expire. When the restructuring has been completed, significant cost savings and efficiencies will be realized.

FISCAL YEAR 2001 REQUEST

The President's Fiscal Year 2001 appropriation request for the NLRB is $216.4 million. This funding level would permit current staffing and other operational costs to be adjusted for inflation and would provide some additional

staffing to continue to reduce backlogs at every level of the casehandling pipeline.

This funding level will also allow the Agency to continue the essential training of the staff in such critical areas as investigative and trial techniques, court procedures, decision writing and other essential skills. This restored training has begun in FY 2000, but must continue in FY 2001 and on a regular basis thereafter. Like every healthy organization, we must continually train in order to successfully meet the challenges that lie ahead.

The request also includes $11.4 million for information technology, which includes resources to complete our infrastructure modernization effort and com;etion of the headquarters development and implementation of the Case Activity Tracking System which will have been deployed in all our field offices within the next 90 days. CATS is an essential management tool, that will also improve the accuracy and availability of information to Congress and the public.

Once again I thank you for this opportunity to appear before the Subcommittee is support of the Fiscal Year 2001 funding request for the National Labor Relations Board and I stand ready to answer any questions from the subcommittee.

LEONARD R. PAGE

BIOGRAPHICAL DATA

Leonard R. Page was sworn in as NLRB General Counsel on November 29, 1999, after receiving a recess appointment from President Clinton; he was nominated on February 11, 1999.

Previously, Mr. Page had been an attorney with the Legal Department of United Auto Workers since 1970 and was serving as Associate General Counsel at the time this appointment was made. His areas of legal specialization include the National Labor Relations Act (NLRA), collective bargaining, plant closing and relocations, arbitration, strikes, lockouts, and the Labor-Management Reporting and Disclosure Act. He is a Founding Fellow of the College of Labor and Employment Lawyers, a member of the NLRB Region 7 Practice and Procedure Committee, and the American Bar Association Committee on Practice and Procedure under the NLRA. He previously chaired the Michigan State Bar Labor Relations Law Section and was a council member of the American Bar Association Section on Labor and Employment Law.

Mr. Page received B.A. and M.B.A. degrees from the University of Michigan and a J.D. degree from the Detroit College of Law.

PROFESSIONALIZING THE NLRB

Mr. PORTER. I think it has been particularly fortunate that you've come out of retirement, Mr. Truesdale, to take over this position. The perception for Mr. Page's background information, the perception on this subcommittee and elsewhere in the Congress was that each of your predecessors tended to politicize this agency, and I think that led to the very problem that you have referred to, Mr. Page, in your testimony and that is the unpredictability of the funding levels as people saw that as the—as not proper for an agency that administers a law.

Now I think we are perceiving that you are professionalizing the agency rather than politicizing the agency, and I for one want to make sure that you have predictable increases that allow you to do your work. We are a Nation of laws, and if we don't have our adjudicatory agencies able to do their work in time, then that breaks down our entire system. So I am anxious to see the professionalism that both of you bring to this task, the lack of politicalization that has occurred, at least perceived to be occurring in the past, and therefore we want very much to provide you the resources that you need to do your work properly.

With that I am going to call on—I would tell my colleagues from California and New York that Mr. Dickey was here at the time the hearing started, although he had to leave and under our rules he is called on first.

Mr. Dickey.

Mr. DICKEY. I won't take that long. Mr. Chairman, and that is unusual with this panel for me to say that I won't take that long, but I want to go over this, Mr. Chairman.

Mr. Truesdale, I want to go over what I see as progress. When I took a position on this committee, we were told at the time that there were 32—an average of 32 section 10(j) injunctions that were issued being issued every month. It was onerous. It was putting people in court before they knew that they had a problem. We took out after it, and we found a lot of political arguments and maneuvers and I became very adamant about it. But all the time I was being told by industry and business we need this agency. And I said, well, we can't stop in the middle of this, and we have to push forward.

I want to tell you that I sure appreciate what you've done. Chairman Porter said it better than I, but it is a privilege to see it come where it is supposed to be, where both sides will acknowledge the need and both sides are appreciative of the existence of an agency. Before you got here that was not the case, and it was frankly embarrassing that we were using this agency for those reasons. I think we are doing all right, and I have one question about salting abuse, and let me see if I can get that done.

SALTING ABUSES

There have been 8 hearings on salting abuses. Have you reviewed the record of these proceedings? Do you know about them?

Mr. TRUESDALE. Have I reviewed the congressional hearings?

Mr. DICKEY. Right.

Mr. TRUESDALE. I have read of them. I have not had an opportunity to read the transcripts.

Mr. DICKEY. Among other abuses reported, several salts have testified that unions have instructed their agents to lie, sabotage and generally work to destroy nonunion companies whose employees have no interest in the union. What steps are being taken to combat this clear abuse of our Nation's labor laws?

SECTION 10(J) INJUNCTIONS

Mr. TRUESDALE. Congressman Dickey, before I answer that question, just so I won't forget, I appreciate very much your kind words. I do think there might be some disconnect between your figures and ours. My understanding, although this largely took place before I returned to the board, the high water mark of section 10(j) injunctions was something like 104 for the year. The figure you are referring to is 32 recommendations to the General Counsel.

What happens is the regional directors make recommendations to the General Counsel vis-a-vis 10(j)'s. The General Counsel and his staff review them to determine whether in his opinion that is a proper recommendation. They come then to the Board. If he does not think section 10(j) is warranted, it is short-stopped right there. But if the General Counsel thinks that it is, it comes to the Board, and my understanding that the Board authorized something like 104, but we would be glad to supply that for the record.

Mr. DICKEY. When things got better I asked about it and they said it was down to 4 a month. That would be 48 a year. The complaints have died down as far as my constituents and their employers, and I think it is a credit to you all, and there is not a corresponding harm is being done as a result of being reasonable.

SALTING CASES

Mr. TRUESDALE. Getting back to your question about salting, as Chairman Porter indicated before, which he referred to as professionalizing the agency, we do think of ourselves as something of a labor court. General Counsel is like the United States attorney. We have a group of administrative law judges who hear the cases, observe the witnesses, resolve the issues, identify the legal precedent involved, and issue decisions which can be appealed to the Board, and we, in that respect, are like an appellate body. Our decisions can be appealed to the circuit courts and to the real courts, so I don't have any illusions of grandeur here.

All of that is background to say that there are cases in the pipeline, which raise the kind of issues that you posed just then, so I don't think it would be appropriate for me, since we do have such cases in the pipeline and even I think some at the Board which raise those issues, which I think perhaps it wouldn't be appropriate for me to volunteer an opinion.

Mr. DICKEY. I withdraw the question, but you know what I mean.

Mr. TRUESDALE. I do.

By the way, I am pleased that you were able to be here. You said just before the hearing got underway that you wouldn't be able to stay. I am glad you were able to stay.

Mr. DICKEY. The beeper is going to get me in just a second, but I am listening to what you all have to say.

Mr. PORTER. Ms. Pelosi.

Ms. PELOSI. Thank you, Mr. Chairman. And Mr. Truesdale. It is always a wonderful day when you are here because it is always interesting to hear you. Mr. Darden, thank you for your service to the NLRB as well.

I am a supporter of the NLRB. I think it is very important for American business and American workers to have you function in the best possible way and with the most certainty in your funding stream, so that you remove all doubt what you are able to do. I will get right to my questions.

INFORMATION TECHNOLOGY

Mr. Truesdale, how does your fiscal year 2001 budget plan strengthen technology to manage cases?

Mr. TRUESDALE. The Case Activity Tracking System which is attempting to move our database into the most current efficient system that we can, has currently been deployed in 40 of our 51 field offices, and we have 33 regional offices, and then several subregional or resident offices. It has been deployed in 40 of those 51 field offices, and we expect that that will be completed by the end of fiscal year 2000 and that it will have been completed in headquarters in early 2001.

There are a number of technical aspects of our information technology program, which I could either supply for the record or turn to General Counsel Page, because it mainly involves information under his supervision.

Ms. PELOSI. As you wish.

Mr. PAGE. I can tell you we are spending about 6 percent of our budget on information technology, and I believe that is consistent with most government agencies. But we are about halfway through a 3-year program to bring our systems up to date. We had the 4 or 5 lean years of budgets and, no surprise, information technology went by-the-by, largely.

In addition to the CATS system which we hope to have up and running at the end of the year, we are developing an internal intranet so we can connect our 50-some offices with Washington and assist our field attorneys in doing research and getting information.

AGENCY WEB SITE

Part of our continuing expenditures on information technology also go to our Web site, which is highly regarded among practitioners. In fact, we are getting about 1 million hits a month which is really surprising. NLRB.gov is the Web site. It is very user friendly. It is set up very well so John Q. Public can get information about the agency and as I have said, we have had very good reports from union and management attorneys in the field that it is a very helpful Web site. That is part of what we are spending our money on. And of course, any time you have a national network like this, we have to spend a little money on security. At any given time we are upgrading or replacing about 25 percent on an annual basis of the actual hardware itself, the servers, the computer equip-

ment, but we can give you a more detailed written report. We are getting there on information technology and with another good budget we will—I hate to use the word, but we will be in the millennium.

Mr. TRUESDALE. I will add to that. While it is very difficult to quantify, understand that some of these initiatives might possibly be translated into, say, perhaps 10 FTE that we do not need because of people can get information they need in the kinds of ways that General Counsel Page has mentioned.

Ms. PELOSI. Doesn't it generate some work when you have all of those hits?

INFORMATION OFFICER PROGRAM

Mr. TRUESDALE. I think mainly through the information officer program, for example, instead of people filing charges with us, we are able to point them in the direction that they ought to go. That is not our bailiwick. We would say that belongs to Wage and Hour or EEOC or State labor boards or what have you.

Ms. PELOSI. Interesting.

Mr. PAGE. You can't file charges or petitions through the Internet yet for many reasons. But on the information officer we get about 173,000 contacts a year. We are talking about people either calling or walking into an NLRB office, and we only internally convert that into a case in, I think it is 6 percent.

Ms. PELOSI. Is that so?

Mr. PAGE. The rest are referrals to other agencies or just advising the individual that their complaint is simply not within NLRB's jurisdiction. But we do get a lot of public contact through the information officer approach.

DISPOSITION OF OLDEST BOARD CASES

Ms. PELOSI. Mr. Truesdale, could you just go into a little more detail about the success the board has had in getting cases out this year?

Mr. TRUESDALE. Well, as I indicated in my opening statement, we concentrated very hard last year on getting our oldest cases out. The goal last year, and I almost hate to say this because it is such a grim goal, but nevertheless, it is the facts that we were faced with, but our goal last year was to get out any unfair labor perhaps older than 3 years and any election case or representation case that was more than—I think it was 24 months. And we managed to reach that goal in about 90 percent—we managed to reach about 90 percent of our goal.

The reason those cases were so old was because of Board member vacancies and turnover. It is very difficult without taking up the committee's time and going into the problems that that creates. It tends to send cases back to square one and creates chaos in the Board's decisional process. Our high watermark in our pending caseload was in February of 1999, which was 733 cases.

Ms. PELOSI. What was it at the end of the year?

Mr. TRUESDALE. On March 1 of this year it was 683.

Now, the reason it didn't go down further than that when we knew there would be a price to pay by concentrating on our oldest cases, these cases were old, not only because of the problems of

turnover and vacancies, but also because they were the most difficult cases. They had resisted the efforts of prior Boards and prior Board members to get those cases out. We concentrated on those. We thought we would be doing the greatest service by getting those cases out. We did, however, manage to reduce our overall caseload by 7 percent. Once we get more current in our caseload we will be able to do better in that respect.

Ms. PELOSI. Thank you very much, Chairman Truesdale.

Mr. PORTER. Mrs. Lowey.

AGENCY STAFFING

Mrs. LOWEY. Well, Mr. Truesdale, Mr. Page and Mr. Darden. Thank you for your important work. Following up on the caseload that was not addressed, your testimony speaks to a continuing problem in NLRB regarding staffing, and my understanding is you had 2,085 positions at the conclusion of the Clinton administration, and because NLRB was targeted for cuts this year, you will have only 2,002 positions, and that is up significantly from previous years.

Last year we gave you a significant increase to add staff given some very important steps in organizing the agency, could you testify, could you give us a better handle on what additional staff you would need in order to meet your goals in closing these cases?

Mr. TRUESDALE. Our target, our goal, with the money that Congress gave us for this year is to reach an FTE of 1,947 by the end of this fiscal year. We currently, as of today, have about 1,830 FTE. Hiring people is not something we can snap our fingers and they appear. We got our budget from Congress at the end of November this year. We embarked on hiring. Of course that is in the middle of the law school year. There are a number of technical problems in authorizing for 1,947 FTE by the end of fiscal year 2000. Our goal by the end of fiscal year 2001 is—2,002 FTE by the end of fiscal year 2001. That is 55 additional FTE that we are seeking in this budget that we are presenting to you today. So we are moving towards that figure in making progress with the money that Congress has given us.

Mrs. LOWEY. You said that you are moving toward the 2,002 figure?

Mr. TRUESDALE. Right. First that 2,002 is for fiscal year 2001. That is the next year.

Mrs. LOWEY. Right.

Mr. TRUESDALE. This year the funds that Congress has given us is to hire up to 1,947, and that is the figure that we are en route to as of now.

Mrs. LOWEY. Is the 2,002 figure adequate to address your goals?

Mr. TRUESDALE. We believe that it is.

FILING CHARGES ON THE INTERNET

Mrs. LOWEY. In another area, you have been handling cases that are getting weightier in terms of the paper that is filed. Can we do anything besides provide resources for staff to lessen your load? Is the weight of the material that is submitted to you adequate? I was particularly interested in Mr. Page's comments that you can't file charges yet on the Internet. I would be interested in both. Is

all of this paperwork absolutely essential, and are you moving towards a time when you can possibly file charges on the Internet?

Mr. TRUESDALE. I am going to leave that last question to General Counsel Page, but the weighty cases that we are talking about isn't really a problem of pieces of paper like charges, it is a problem of the records that are developed in the litigation of cases. Of course the parties are the ones that develop those records under the eye of the administrative law judge, but I think perhaps the cases are more difficult, perhaps they are more keenly challenged, however we might put that.

But filing charges over the Internet is not going to resolve that problem. It just may make it easier for someone to file a charge, but today they can mail it in. It is a piece of paper. It doesn't contribute to the weightiness of cases.

Mr. PAGE. If I may add to that, our real workload is case-driven, or in many cases, the number of election petitions that are filed and from all indications we still anticipate a volume of about 6,000 petitions for elections per year in fiscal year 2002, and about 30,000 unfair labor practice charges.

Obviously, if we have an adequate staff that is the best way we can deal with our backlogs and develop a current inventory on the processing of cases and deciding them at the Board level.

Internet charges could be a problem. As I indicated, information officers receive about 173,000 contacts from John Q. Public. And only about 6 percent of those are actually translated into some sort of agency action. Our statute only protects individual employees who are engaged in protected concerted activity. Many members of the public believe that we are some sort of a just-cause agency when it comes to employment discipline and discharge. So we have to disabuse them of that concept. In addition, a lot of the members of the public think we are the one agency that deals with all labor matters, whether it is a Fair Labor Standards Act or Social Security concerns, so a lot of what we do are referrals to other agencies.

I think we would have to be very, very careful before we think about filing charges through the Internet. We might get a lot more paper than we—or at least electronic transmissions than we can possibly deal with.

CASE INTAKE PATTERNS

Mrs. LOWEY. With regard to the 30,000 unfair labor charges that you do get, I am assuming that is yearly; is that correct?

Mr. PAGE. Yes.

Mrs. LOWEY. I would be interested in the pattern. Are they from a particular part of the country? Are there particular industries? Could you discuss an analysis of those charges?

Mr. PAGE. Well, a lot of the charges are of course surrounding election campaigns or petitions. Of course we are driven by what unions are doing in this area and we are looking at this constantly, and we are shifting resources between regions to accommodate that. We have, at the moment, 33 regions. We are downgrading Peoria, recently announced, so we will have 32 regions and that is just an indication of how we are reacting to some of these shifting patterns.

But in addition, we will also get charges where unions and employers are not able to resolve their contract disputes and there are strikes and lockouts. That is the other opportunity where we get some business.

Mrs. LOWEY. I am not worried about you getting adequate business. But I wonder if there are 30,000 cases a year, are there patterns? Are they coming from particular unions, particular parts of the country, and my next question and following up is going to be are there actions or is this your—maybe it is not your role that you would take to head it off, or is your responsibility just to react once the case is abroad?

Mr. PAGE. When a petition is filed, we have to react.

Mrs. LOWEY. I know that. Are there patterns, do you see repeated actions in a particular part of the country or with particular unions or management?

Mr. TRUESDALE. We can supply for the record because it is in our annual reports where these charges are filed by State. We do have those records by State. I don't believe that they will show any particular pattern. Although a particular State may be more industrialized than another rural State and have a greater incidence of cases. But other than that, I don't think that there would be any particular pattern, but we can supply for the record, I believe we can supply—I know we can supply by State and I also believe that we can supply how they are filed by industry, manufacturing and so forth. We will be glad to supply that for the record.

[The information follows: FY 1999 data not yet available.]

INDUSTRIAL DISTRIBUTION OF CASES RECEIVED
FYs 1993-1998

INDUSTRIAL GROUP	FY 1993		FY 1994		FY 1995		FY 1996		FY 1997		FY 1998	
Manufacturing	#	%	#	%	#	%	#	%	#	%	#	%
Food and kindred products	1,573	3.9%	1,571	3.8%	1,822	4.6%	1,532	4.0%	1,618	4.1%	1,455	4.0%
Tobacco manufacturers	9	0.0%	5	0.0%	13	0.0%	19	0.0%	11	0.0%	4	0.0%
Textile mill products	177	0.4%	235	0.6%	206	0.5%	246	0.6%	213	0.5%	171	0.5%
Apparel & other finished prod.	245	0.6%	265	0.6%	206	0.5%	204	0.5%	171	0.4%	135	0.4%
Lumber and wood products	370	0.9%	368	0.9%	289	0.7%	305	0.8%	295	0.7%	310	0.8%
Furniture and fixtures	340	0.8%	273	0.7%	271	0.7%	243	0.6%	254	0.6%	232	0.6%
Paper and allied products	496	1.2%	573	1.4%	555	1.4%	469	1.2%	564	1.4%	414	1.1%
Printing, publish. & allied	830	2.1%	890	2.2%	833	2.1%	670	1.7%	743	1.9%	714	1.9%
Chemicals and allied prod.	682	1.7%	664	1.6%	582	1.5%	521	1.3%	544	1.4%	556	1.5%
Petroleum refining and rel.	187	0.5%	184	0.5%	193	0.5%	197	0.5%	186	0.5%	173	0.5%
Rubber and misc. plastic	466	1.2%	510	1.2%	610	1.5%	479	1.2%	474	1.2%	391	1.1%
Leather and leather prod.	62	0.2%	44	0.1%	73	0.2%	41	0.1%	68	0.2%	22	0.1%
Stone, clay, glass, concrete	634	1.6%	575	1.4%	564	1.4%	531	1.4%	526	1.3%	573	1.6%
Primary metal industries	1,048	2.6%	944	2.3%	992	2.5%	934	2.4%	918	2.3%	1,002	2.7%
Fabricated metal products	1,140	2.8%	985	2.4%	1,010	2.5%	1,026	2.6%	1,010	2.5%	964	2.6%
Machinery (expt. electrical)	1,099	2.7%	1,095	2.7%	1,044	2.6%	1,056	2.7%	926	2.3%	851	2.3%
Electrical and elect. mach.	622	1.5%	604	1.5%	621	1.6%	504	1.3%	540	1.4%	573	1.6%
Aircraft and parts	412	1.0%	346	0.8%	242	0.6%	264	0.7%	233	0.6%	168	0.5%
Ship and boat building	192	0.5%	340	0.8%	178	0.4%	132	0.3%	142	0.4%	121	0.3%
Automotive and other transp.	900	2.2%	1,018	2.5%	1,085	2.7%	910	2.3%	936	2.4%	1,037	2.8%
Measuring, analyzing equip.	223	0.6%	208	0.5%	178	0.4%	140	0.4%	145	0.4%	128	0.3%
Misc. manufacturing indus.	293	0.7%	285	0.7%	224	0.6%	193	0.5%	290	0.7%	215	0.6%
Total Manufacturing	12,000	29.8%	11,980	29.3%	11,791	29.5%	10,616	27.4%	10,807	27.3%	10,209	27.9%
Mining												
Metal mining	88	0.2%	45	0.1%	59	0.1%	61	0.2%	54	0.1%	53	0.1%
Coal mining	711	1.8%	312	0.8%	204	0.5%	129	0.3%	166	0.4%	101	0.3%
Oil and gas extraction	91	0.2%	54	0.1%	56	0.1%	24	0.1%	32	0.1%	39	0.1%
Non-metal mining & quarrying	113	0.3%	116	0.3%	95	0.2%	74	0.2%	91	0.2%	91	0.2%
Total Mining	983	2.4%	527	1.3%	414	1.0%	288	0.7%	343	0.9%	284	0.8%
Construction	4,740	11.8%	5,407	13.2%	5,106	12.8%	4,873	12.6%	5,000	12.6%	4,564	12.5%
Wholesale trade	1,724	4.3%	1,727	4.2%	1,636	4.1%	1,504	3.9%	1,603	4.0%	1,530	4.2%
Retail trade	3,099	7.7%	2,793	6.8%	2,633	6.6%	2,469	6.4%	2,310	5.8%	2,180	5.9%
Finance, insurance, real estate	764	1.9%	644	1.6%	649	1.6%	661	1.7%	664	1.7%	560	1.5%
U.S. Postal Service	2,347	5.8%	2,726	6.7%	2,975	7.4%	3,191	8.2%	3,324	8.4%	2,370	6.5%
Transport., Communic., Utilities												
Local, sub. transit, highway	702	1.7%	712	1.7%	667	1.7%	685	1.8%	817	2.1%	821	2.2%
Motor freight, warehousing	2,472	6.1%	2,486	6.1%	2,789	7.0%	2,338	6.0%	2,566	6.5%	2,520	6.9%
Water transportation	191	0.5%	260	0.6%	259	0.6%	287	0.7%	312	0.8%	298	0.8%
Other transportation	448	1.1%	423	1.0%	417	1.0%	491	1.3%	544	1.4%	479	1.3%
Communication	758	1.9%	921	2.3%	921	2.3%	995	2.6%	941	2.4%	868	2.4%
Electric, gas, and sanitary	985	2.4%	1,109	2.7%	1,070	2.7%	1,070	2.8%	1,018	2.6%	936	2.6%
Total Transport, communic, util	5,556	13.8%	5,911	14.5%	6,123	15.3%	5,866	15.1%	6,198	15.6%	5,922	16.2%
Services												
Hotels & other lodging	797	2.0%	1,087	2.7%	972	2.4%	840	2.2%	664	1.7%	721	2.0%
Personal services	241	0.6%	251	0.6%	276	0.7%	242	0.6%	199	0.5%	238	0.6%
Automotive services	385	1.0%	413	1.0%	399	1.0%	436	1.1%	433	1.1%	337	0.9%
Motion pictures	233	0.6%	153	0.4%	179	0.4%	210	0.5%	220	0.6%	153	0.4%
Amusement & recreation	424	1.1%	425	1.0%	408	1.0%	401	1.0%	451	1.1%	423	1.2%
Health services	3,114	7.7%	3,144	7.7%	3,073	7.7%	3,427	8.8%	3,421	8.6%	3,365	9.2%
Educational services	300	0.7%	282	0.7%	248	0.6%	315	0.8%	238	0.6%	273	0.7%
Membership organizations	599	1.5%	587	1.4%	549	1.4%	606	1.6%	615	1.6%	553	1.5%
Business services	2,189	5.4%	1,946	4.8%	1,776	4.4%	2,033	5.2%	2,298	5.8%	2,275	6.2%
Miscel. repair services	92	0.2%	76	0.2%	97	0.2%	96	0.2%	87	0.2%	55	0.2%
Legal services	38	0.1%	40	0.1%	60	0.2%	63	0.2%	41	0.1%	33	0.1%
Museum, art, gardens, zoos	13	0.0%	30	0.1%	17	0.0%	19	0.0%	16	0.0%	18	0.0%
Social services	415	1.0%	476	1.2%	341	0.9%	426	1.1%	452	1.1%	381	1.0%
Miscellaneous services	168	0.4%	98	0.2%	104	0.3%	85	0.2%	129	0.3%	99	0.3%
Total Services	9,008	22.3%	9,008	22.0%	8,501	21.3%	9,209	23.8%	9,264	23.4%	8,924	24.3%
Public Administration	101	0.3%	138	0.3%	108	0.3%	97	0.3%	105	0.3%	114	0.3%
TOTAL, ALL INDUSTRIAL GRP	40,322	100%	40,861	100%	39,936	100%	38,774	100%	39,618	100%	36,857	100%

CASES RECEIVED BY DIVISION AND STATE
FYs 1993-1998

DIVISION AND STATE	FY 1993		FY 1994		FY 1995		FY 1996		FY 1997		FY 1998	
	#	%	#	%	#	%	#	%	#	%	#	%
Maine	147	0.4%	158	0.4%	178	0.4%	131	0.3%	135	0.3%	131	0.4%
New Hampshire	54	0.1%	83	0.2%	73	0.2%	53	0.1%	52	0.1%	71	0.2%
Vermont	46	0.1%	85	0.2%	90	0.2%	71	0.2%	54	0.1%	42	0.1%
Massachusetts	1,335	3.3%	1,209	3.0%	1,316	3.3%	1,244	3.2%	1,290	3.3%	1,107	3.0%
Rhode Island	192	0.5%	205	0.5%	167	0.4%	193	0.5%	235	0.6%	170	0.5%
Connecticut	735	1.8%	636	1.6%	730	1.8%	631	1.6%	602	1.5%	816	2.2%
New England	2,509	6.2%	2,376	5.8%	2,554	6.4%	2,323	6.0%	2,368	6.0%	2,337	6.4%
New York	4,341	10.8%	4,515	11.1%	4,442	11.1%	4,327	11.2%	4,765	12.0%	4,040	11.0%
New Jersey	1,880	4.7%	1,692	4.1%	1,745	4.4%	1,490	3.8%	1,682	4.2%	1,444	3.9%
Pennsylvania	2,711	6.7%	2,567	6.3%	2,513	6.3%	2,448	6.3%	2,455	6.2%	2,212	6.0%
Middle Atlantic	8,932	22.2%	8,774	21.5%	8,700	21.8%	8,265	21.3%	8,902	22.5%	7,696	21.0%
Ohio	2,345	5.8%	2,356	5.8%	2,323	5.8%	2,086	5.4%	2,229	5.6%	2,213	6.0%
Indiana	1,135	2.8%	1,352	3.3%	1,455	3.6%	1,300	3.4%	1,391	3.5%	1,157	3.2%
Illinois	2,450	6.1%	2,351	5.8%	2,335	5.8%	2,468	6.4%	2,501	6.3%	2,273	6.2%
Michigan	2,232	5.5%	2,383	5.8%	2,247	5.6%	2,191	5.7%	2,109	5.3%	2,048	5.6%
Wisconsin	785	1.9%	698	1.7%	773	1.9%	709	1.8%	737	1.9%	695	1.9%
East North Central	8,947	22.2%	9,120	22.3%	9,133	22.9%	8,754	22.6%	8,967	22.6%	8,384	22.9%
Iowa	241	0.8%	283	0.7%	237	0.6%	235	0.6%	235	0.6%	260	0.7%
Minnesota	576	1.4%	522	1.3%	623	1.6%	479	1.2%	433	1.1%	494	1.3%
Missouri	1,236	3.1%	1,159	2.8%	1,082	2.7%	1,014	2.6%	1,144	2.9%	987	2.7%
North Dakota	42	0.1%	49	0.1%	48	0.1%	54	0.1%	41	0.1%	23	0.1%
South Dakota	42	0.1%	38	0.1%	36	0.1%	35	0.1%	34	0.1%	19	0.1%
Nebraska	118	0.3%	123	0.3%	124	0.3%	119	0.3%	120	0.3%	88	0.2%
Kansas	260	0.6%	236	0.6%	316	0.8%	252	0.7%	254	0.6%	240	0.7%
West North Central	2,515	6.2%	2,410	5.9%	2,468	6.2%	2,188	5.6%	2,261	5.7%	2,111	5.8%
Delaware	98	0.2%	96	0.2%	121	0.3%	70	0.2%	101	0.3%	120	0.3%
Maryland	697	1.7%	639	1.6%	691	1.7%	639	1.6%	564	1.4%	425	1.2%
District of Columbia	258	0.6%	205	0.5%	175	0.4%	141	0.4%	148	0.4%	122	0.3%
Virginia	494	1.2%	467	1.2%	478	1.2%	491	1.3%	426	1.1%	343	0.9%
West Virginia	950	2.4%	574	1.4%	633	1.6%	615	1.6%	521	1.3%	451	1.2%
North Carolina	395	1.0%	395	1.0%	349	0.9%	371	1.0%	381	0.9%	292	0.8%
South Carolina	151	0.4%	185	0.5%	166	0.4%	120	0.3%	135	0.3%	120	0.3%
Georgia	708	1.8%	780	1.9%	615	1.5%	624	1.6%	705	1.8%	615	1.7%
Florida	982	2.4%	1,263	3.1%	1,161	3.0%	1,342	3.5%	1,160	2.9%	1,101	3.0%
South Atlantic	4,733	11.7%	4,624	11.3%	4,409	11.0%	4,413	11.4%	4,121	10.4%	3,589	9.8%
Kentucky	718	1.8%	728	1.8%	724	1.8%	596	1.5%	621	1.6%	571	1.6%
Tennessee	615	1.5%	659	1.6%	762	1.9%	716	1.8%	731	1.8%	651	1.8%
Alabama	447	1.1%	474	1.2%	469	1.2%	517	1.3%	480	1.2%	430	1.2%
Mississippi	258	0.6%	227	0.6%	176	0.4%	223	0.6%	189	0.5%	212	0.6%
East South Central	2,038	5.1%	2,088	5.1%	2,131	5.3%	2,052	5.3%	2,021	5.1%	1,864	5.1%
Arkansas	171	0.4%	220	0.5%	171	0.4%	204	0.5%	210	0.5%	120	0.3%
Louisiana	406	1.0%	463	1.1%	389	1.0%	427	1.1%	485	1.2%	486	1.3%
Oklahoma	240	0.6%	259	0.6%	202	0.5%	211	0.5%	232	0.6%	233	0.6%
Texas	1,039	2.6%	1,169	2.9%	1,099	2.8%	1,076	2.8%	1,162	2.9%	1,124	3.1%
West South Central	1,856	4.6%	2,111	5.2%	1,861	4.7%	1,918	4.9%	2,089	5.3%	1,963	5.4%
Montana	120	0.3%	156	0.4%	145	0.4%	150	0.4%	127	0.3%	139	0.4%
Idaho	90	0.2%	100	0.2%	126	0.3%	107	0.3%	110	0.3%	61	0.2%
Wyoming	70	0.2%	72	0.2%	51	0.1%	76	0.2%	46	0.1%	32	0.1%
Colorado	522	1.3%	632	1.5%	598	1.5%	878	2.3%	657	1.7%	696	1.9%
New Mexico	155	0.4%	162	0.4%	192	0.5%	168	0.4%	182	0.5%	161	0.4%
Arizona	333	0.8%	336	0.8%	320	0.8%	388	1.0%	375	0.9%	389	1.1%
Utah	127	0.3%	129	0.3%	183	0.5%	187	0.5%	147	0.4%	96	0.3%
Nevada	510	1.3%	488	1.2%	508	1.3%	416	1.1%	565	1.4%	672	1.8%
Mountain	1,927	4.8%	2,075	5.1%	2,123	5.3%	2,370	6.1%	2,208	5.6%	2,246	6.1%
Washington	977	2.4%	903	2.2%	826	2.1%	846	2.2%	966	2.4%	828	2.3%
Oregon	463	1.1%	646	1.6%	453	1.1%	374	1.0%	422	1.1%	388	1.1%
California	4,627	11.5%	4,522	11.1%	4,338	10.9%	4,248	11.0%	4,240	10.7%	3,989	10.9%
Alaska	121	0.3%	125	0.3%	113	0.3%	158	0.4%	156	0.4%	148	0.4%
Hawaii	345	0.9%	724	1.8%	399	1.0%	408	1.1%	380	1.0%	553	1.5%
Guam	2	0.0%	5	0.0%	41	0.1%	45	0.1%	25	0.1%	36	0.1%
Pacific	6,535	16.2%	6,925	16.9%	6,170	15.5%	8,079	15.7%	6,189	15.6%	5,940	16.2%
Puerto Rico	307	0.8%	326	0.8%	346	0.9%	390	1.0%	453	1.1%	476	1.3%
Virgin Islands	23	0.1%	27	0.1%	32	0.1%	16	0.0%	26	0.1%	31	0.1%
Outlying areas	330	0.8%	353	0.9%	378	0.9%	406	1.0%	479	1.2%	507	1.4%
Total, all States and areas	40,322	100%	40,856	100%	39,927	100%	38,768	100%	39,606	100%	36,637	100%

The States are grouped according to the method used by the Bureau of Census, U.S. Department of Commerce

Mr. TRUESDALE. But as for your question, can we head it off, no. We don't have the authority. If an unfair labor practice was something you could see taking place across the street, we can't go over there and stop it. We approach totally according to who comes to us and files a charge, who comes to us and files an unfair labor practice, so it would be beyond our authority to go out. We can't, for example, go to a plant and have some kind of an educational mediation program. That would get us into almost instant trouble, I think.

Mrs. LOWEY. Thank you.

ENFORCING THE RULE OF LAW

Mr. PORTER. Thank you, Mrs. Lowey.

Well, whether you are called an adjudicatory body or a judicial body or a quasi-judicial body, you are part of a rule of law. You are what takes violence off the streets and political influence out of the equation and sets objective standards to judge actions by, and you are an important part of our judicial system in adjudicating, in the first instance, a lot of disputes that would end up exactly in those areas and did end up in those areas. We respect that and we want to encourage you.

I would say right now there is something that may be happening regarding the rule of law that all of us ought to be concerned about. It has nothing to do with you, but out there there is a little boy, Elian Gonzalez, who has been adjudicated by the court to be returned to his father in Cuba, and whether you agree with that decision or not, it is going to be a decision of a court, and there is going to be a request on the community to deliver him according to that decision or to appeal the decision.

It seems to me very important to this country that we send messages to the community that the court's order has to be obeyed. I have already sent a message to our two—there is actually more—representatives in Congress that represent areas in Florida that are highly populated by the Cuban American community that this is very, very important that we observe the law.

I think this country sort of sets the standard for the rest of the world, and if we don't live according to law, many others won't and many others don't and we are trying to get them to move in our direction and protect basic human rights and one of which is to organize and collectively bargain and exist in a free labor and free society. I have some questions about workload.

CASE INTAKE PROJECTION

According to your budget justification, 33,000 unfair labor practices were filed with the NLRB in 1999, an increase from fiscal year 1998. For fiscal year 2000 and fiscal year 2001, you are projecting 36,000, which is a 9 percent increase. Am I correct so far?

Mr. TRUESDALE. I thought we were projecting a stable intake of cases.

Mr. PAGE. I thought that was 30,000 charges and 6,000 election petitions for 36,000 cases.

Mr. PORTER. All right. So the number of unfair labor practices would be going down?

Mr. PAGE. I think it is about level.

Mr. PORTER. Is the 33,000 ULPs for 1999 correct?

Mr. PAGE. No. It is 27,000.

Mr. PORTER. 27,000 charges. And you are projecting it going to 30,000?

Mr. PAGE. About 30,000. Again, we view it as almost level with the last several years. It has been hovering in that range.

Mr. PORTER. So it is more or less level?

Mr. PAGE. Right.

FIELD RESTRUCTURING

Mr. PORTER. Then that question doesn't apply.

Your budget justification notes that in November, you announced restructuring initiatives affecting six field office locations. What efficiencies do you expect from this initiative, how will it enable you to reduce your backlog of cases and where are the six affected offices located? Will any of them be closed?

Mr. PAGE. Let's start first with the Peoria region which is being downgraded. What will happen there is the senior regional director and the assistant director and the regional attorney, those positions will be filled out of St. Louis, an adjoining region, but the office physically will stay there. What we obtain by downgrading that office is, of course, relief in the annual salaries of the higher executives at that office, and perhaps some efficiencies by simply having a somewhat smaller office in Peoria. But the Peoria region or the office will still be there to deal with the public in that area, receive charges and petitions.

Mr. PORTER. Why are you downgrading the office?

Mr. PAGE. Primarily caseload. Let me—since I know from personal experience, the Caterpillar cases gave that office a lot of work for a number of years, and now that that dispute has settled, it just didn't seem to us that they had an adequate caseload to justify being a full flown region.

Mr. PORTER. In each of these office restructurings, you have made the same kinds of decisions?

Mr. PAGE. My predecessor established a restructuring committee that looked at a number of our smaller offices and considered several other locations for possible restructuring. But late last fall, we recommended that Peoria is the one that should be downgraded. The other particular offices we saw some justification for keeping them at their level.

Mr. PORTER. Again, I have some other questions for the record, and many of the questions were already asked. But again, we are very encouraged by the professionalization of this office. We do want to provide the kinds of resources that you need to do your work effectively and efficiently and prepare for the future, in other words, the technologies that you need to do it even better and we appreciate the fine job that you are doing.

Mr. TRUESDALE. Let me say again how much we have appreciated the support and assistance you have given to us during the years, and I would like to echo what General Counsel Page said, all best wishes to you in the years to come.

Mr. PORTER. Thank you so much. The subcommittee will stand in recess until 10:00 a.m. tomorrow.

[The following questions were submitted to be answered for the record:]

Mr. Bonilla: One reason why so many employers continue to view the Board with suspicion is that it persists in overruling longstanding precedents whenever it is convenient to do so. Why does the Board have so little respect for precedent on such issues as successor bargaining, supervisory status, hospital interns, use of video devices and many other recent rulings?

Mr. Truesdale : In the 16 months since December 1998, when I became Chairman, the Board has issued over 900 decisions in unfair labor practice and representation cases. Of those, 14 (or 1.5%) declined to follow, and overruled, decisions issued by prior Boards. A list of these 14 decisions follows:

TRUESDALE BOARD CASES
OVERRULING PRECEDENT

1. **Boston Medical Center,** 330 NLRB No. 30, (Nov 26, 1999) (Case No. 1-RC-20574)
   Truesdale, Fox, Liebman majority; Hurtgen and Brame dissents. Overrules Cedars-Sinai and St. Clare's Hospital and finds that interns, residents and fellows employed by BMC, while they may be students learning their chosen medical craft, are also "employees" within the meaning of § 2(3) of the Act.

2. **Bro-Tech Corp.,** 330 NLRB No. 7 (Nov 18, 1999) (Case No. 4-CA-23458)
   Truesdale, Fox, Hurtgen. On remand from the Third Circuit Court of Appeals, overrules Crown Paper Board Co. and finds that the Union's election day sound truck broadcasts violated standards set forth in Peerless Plywood prohibiting campaign speeches to a mass assembly of employees within 24 hours of an election.

3. **John P. Scripps d/b/a The Sun**, 329 NLRB No. 74 (Sep 30, 1999) (Case No. 19-UC-596)
   Truesdale, Fox, Liebman majority; Hurtgen and Brame dissent. Overrules precedent to the extent it suggests that the usual accretion or community-of-interests analysis applies in unit clarification cases where the unit is described by the work performed rather than the people in it.

4. **Steamfitters Local Union No. 342 of the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, AFL-CIO (Contra Costa Electric Inc.)**, 329 NLRB No. 65, (Sep 30, 1999)(Case No. 32-CB-4435).
   Truesdale, Fox, Liebman, Hurtgen majority; Brame dissent. Overrules contrary precedent and finds that mere negligence in the operation of a hiring hall does not violate the Act.

5. **Ross Stores, Inc. and David L. Jumper,** 329 NLRB No. 59, (Sep 30, 1999)(Case No. 5-CA-23991)
   Truesdale, Fox, Liebman majority; Hurtgen and Brame dissent. Overrules Nippondenso to the extent that it conflicts with other cases holding that complaint allegations are "closely related," and therefore timely under Section 10(b), where they are based on acts that arise out of the same anti-union campaign.

6. **Albertson's/Max Food Warehouse and Claudette Tuxhorn, Petitioner and United Food and Commercial Workers Union, Local Union No. 7**, 329 NLRB No. 44, (Sep 30, 1999) (Case No. 27-UD-99).

Truesdale, Hurtgen, Brame majority; Fox and Liebman dissent. Overrules City Markets and reverses RD's dismissal of deauthorization petition, finding that federal rather than Colorado law controls in determining whether the deauthorization petition was timely.

7. **A. Russo & Sons, Inc. and Teamsters Local 829, International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America, AFL-CIO**, 329 NLRB No. 43 (Sep 30, 1999) (Case No. 1-RC-20508)

Truesdale, Fox, Liebman majority; Hurtgen and Brame dissent. Overrules Napa Columbus Parts and finds that the community of interest test rather than the restrictive A. Harris & Co. criteria applies in determining whether a separate warehouse unit is appropriate in combined wholesale and retail operations.

8. **St. Elizabeth Manor, Inc., Employer-Petitioner and Local 50, Service Employees International Union, AFL-CIO, CLC**, 329 NLRB No. 36, (Sep 30, 1999), (Case No. 14-RM-700)

Truesdale, Fox, Liebman majority; Hurtgen and Brame dissent. Overrules Southern Mouldings and finds that once a successor employer's obligation to recognize an incumbent union attaches, the union is entitled to a reasonable period of time for bargaining without challenge to its majority status.

9. **Production and Maintenance Union, Local 101, an affiliate of Chicago Truck Drivers Union(Independent) (Bake-Line Products, Inc.) and Efrain Jimenez Bake Line Products, Inc. and Efrain Jimenez, Petitioner and Production and Maintenance Union, Local 101, an affiliate of Chicago Truck Drivers Union (Independent)**, 329 NLRB No. 29, (Sep 28, 1999) (Case No. 13-CB-15575)

Truesdale, Fox, Liebman majority; Hurtgen and Brame dissent. Overrules Pinebrook and finds that a union's threat to disclaim recognition if employees vote to deauthorize union security is not objectionable conduct.

10. **Randell Warehouse of Arizona, Inc. and Sheetmetal Workers' International Association, Local 359, AFL-CIO, Petitioner**, 328 NLRB No. 153, (July 27, 1999)(Case No. 28-RC-5274)

Truesdale, Fox, Liebman majority; Brame concurrence; Hurtgen dissent. Overrules Pepsi-Cola and finds that Union did not engage in objectionable conduct by photographing Union representatives distributing literature to employees outside Employer's plant.

11. **Deposit Telephone Company, Inc. and International Brotherhood of Electrical Workers, AFL-CIO, Local Union 1125,Petitioner**, 328 NLRB No. 151, (July 27, 1999) (Case No. 3-RC-10559)

Truesdale, Fox, Liebman majority; Brame and Hurtgen dissent. Overrules Red Hook, Fidelity, and related cases to the extent that they relied on the size of the employee contingent and geographic service area in determining whether a less than system-wide unit is appropriate in the utilities industry. Majority found that the petitioned for CST/maintenance employee unit was appropriate.

12. **Mississippi Power & Light Company and International Brotherhood of Electrical Workers, Locals 605 and 985**, 328 NLRB No. 146, (July 26, 1999)(Case No. 28-RC-5274)
Truesdale, Fox, Liebman majority; Hurtgen and Brame dissent. Overrules Big Rivers and finds that power company system and distribution dispatchers are not statutory supervisors.

13. **TNT Skypak, Inc. and Local 851, International Brotherhood of Teamsters, AFL-CIO** 328 NLRB No. 67 (May 24, 1999) (Case No. 29-CA-17875, 29-CA-18051-2, 29-CA-18507), enf'd Mar 27, 2000 (2000 WL 309984)(2nd Cir.)
Truesdale, Fox, Liebman. Overrules Driftwood and affirms ALJ's retroactive remedy giving Union option to accept or reject the Respondent's contract proposals as they stood prior to the Respondent's unlawful withdrawal from tentative agreements reached during negotiations.

14. **ESP Concrete**, 327 NLRB No. 134 (Feb 23, 1999) (Case No. 4-CA-20570)
Truesdale, Fox, Hurtgen and Brame. Overrules Garman and finds that "adoption by conduct" principles are applicable to agreements covered by Section 8(f) as well as Section 9(a), and that once an employer has voluntarily adopted an 8(f) contract by its conduct, it is foreclosed under John Deklewa & Sons from repudiating it during its term.

In the other 900+ decisions the Board applied existing precedent, and in many cases specifically declined an invitation to overrule precedent. A sampling of cases where the Board specifically declined to overrule precedent follows:

EXAMPLES WHERE TRUESDALE BOARD DECLINED TO OVERRULE PRECEDENT

1. **Thoreson-McCosh, Inc. and Kevin L. Dunham and International Union, United Automobile Aerospace and Agricultural Implement Workers of America (UAW) AFL-CIO and its Local 417**, 329 NLRB No. 63, (Sep 30, 1999)(Case No. 7-UD-547).
Truesdale, Hurtgen, Brame majority; Fox and Liebman dissent. Majority adhered to Wahl Clipper and found that permanently replaced economic strikers who have been on strike for more than 12 months are not eligible to vote in an election.

2. **Temple Security, Inc. and General Service Employees Union, Local No. 73, SEIU, AFL-CIO, CLC and Independent Courier Guard Union of America, Party in Interest**, 328 NLRB No. 87, (May 28, 1999) (Case No. 13-CA-33078)
Truesdale, Hurtgen, Brame majority; Fox and Liebman dissent Majority adhered to precedent holding that Employer may withdraw recognition from voluntarily recognized mixed-guard union upon expiration of the collective bargaining agreement.

3. **Hertz Equipment Rental Corp.**, 328 NLRB No. 5,
(Apr 9, 1999) (Case No. 25-RD-1337)
Truesdale, Liebman majority; Brame dissent. Majority adhered to precedent holding that a decertification petition may not be filed during the posting period of a settlement.

4. Detroit Newspaper Agency, 327 NLRB No. 164, (March 15, 1999) (No. 7-CA-38184).

Truesdale, Hurtgen, Brame majority; Fox and Liebman dissent. Majority adhered to Service Electric rule that an employer may unilaterally set different terms and conditions for striker replacements during an economic strike, and found that the same rule applies to unfair labor practice strikes.

As indicated by the above figures, the current Board has overruled precedent in only a small fraction of cases. Further, although similar statistics have not been compiled or maintained on a regular basis in prior years, it does not appear that the current Board's record compares unfavorably to prior Boards. For example, over a similar 16-month period from late 1983 through 1984, the Board under then-Chairman Donald L. Dotson overruled precedent in 20 cases.

Finally, it is important to note that many of the 14 cases had been pending before the Board in Washington for several years or more without decision, and were among the oldest cases that the Board had targeted for issuance. One of the primary reasons these cases became oldest cases at the Board was that they raised particularly difficult issues, including questions about the analysis or result reached in previous Board decisions. By focusing on issuing the oldest cases, the unavoidable result was that these cases would be issued over a relatively short period of time. If those cases had issued when they were expected to issue – in 1998, 1997, or 1996 – they would not have been included in the list of cases issued by the current Board. In short, to a significant extent the current Board's record of overruling precedent reflects that the Board finally issued long-overdue decisions in many of the oldest and most difficult cases in its backlog.

REJECTION OF COMPLIANCE AGREEMENT

Mr. Bonilla: Can you determine for the subcommittee if there have been instances in recent months in which a regional director may have rejected a compliance agreement with which the employer, the unions and the compliance officer all agreed? Why was the compliance officer's agreement rejected if it was agreed to by all parties?

Mr. Page: I am not aware of a specific case in which this has occurred recently. In general, an agreement by the respondent and the charging party upon the terms of compliance with a Board order would be accepted by the compliance officer and the Regional Director. Under our procedures, however, the Regional Director and not the compliance officer is ultimately responsible for determining whether a proposed settlement provides for satisfactory compliance. If the parties are dissatisfied with the Regional

Director's compliance determination, they may bring the matter to the General Counsel or the Board for review.

UNFAIR LABOR PRACTICE CHARGE BASED ON PROPERTY RIGHTS

Mr. Bonilla: I understand that the Board is pursuing an unfair labor practice charge against an employer based on a property rights/First Amendment decision recently handed down by a district court. The Constitutional issues posed by the decision are currently on appeal. Can you share with us the rationale for expending taxpayers' money to prosecute the charge before the law upon which it is based is settled by the courts?

Mr. Page: Again, I am not aware of a particular case in which this has occurred. In general, and pursuant to the Supreme Court's decision in the *Bill Johnson's Restaurant* case, the NLRB does not seek to interfere with ongoing litigation unless it can be shown that that litigation clearly lacks a reasonable basis and is undertaken with a retaliatory motive, or that it is in furtherance of an unlawful objective, is preempted, or encroaches on the NLRB's jurisdiction.

RETRUCTURING OF REGIONAL OFFICES

Mr. Bonilla: How much money has the NLRB saved by restructuring the regional offices in FY 99?

Mr. Page: The field office restructuring process that was undertaken last year reached a conclusion in November 1999, after the end of FY 99. The consolidation of the Peoria, Illinois and St. Louis, Missouri Regional Offices is currently being implemented. Upon completion of the implementation, the duties of the SES Regional Director in Peoria will be carried out by the Regional Director in St. Louis. Other staffing changes will follow, consistent with our collective-bargaining obligations to our employees in the Peoria office and with other sound personnel management practices. We anticipate that immediate annual cost savings will total $6,105 from the elimination of executive office space in Peoria and that annual savings in salary and benefits from the elimination of the SES regional director position in that office will total approximately $155,000.

Additional cost savings will be realized from the relocation of five of our resident offices into shared office space with other Federal Government agencies. We are exploring potential relocation sites with the General Services Administration and we anticipate that rental cost savings will be achieved with the elimination of separate reception and storage space. The dollar amount of the savings from this effort cannot be estimated at this time.

PERCEPTION OF BOARD FAIRNESS TO EMPLOYERS

Mr. Bonilla: A recent survey of the Labor Policy Association indicated that 87% of the employers surveyed now believe that the current Board under Chairman Truesdale is just as anti-employer, if not more so, than the Board under Chairman Gould. What steps is the Board taking to restore the perception of fairness to employers at the NLRB?

Mr. Truesdale : The Board's understanding is that the results of the LPA's internal membership survey were as follows: 13% responded that decisions are more balanced under the Truesdale Board; 12% responded that decisions are less balanced; 42% responded that the decisions are about the same; and 32% expressed no opinion. The Board has no information about the methodology followed or other information regarding the survey, and thus is not in a position to comment on it.

The current Board has focused on deciding cases and reducing the backlog of old cases, and has avoided inserting itself into debates over pending legislation or other political issues. To date, the comments that the Board Members have received directly from employers, unions, practitioners, and Congress itself, regarding the current Board's priorities have been uniformly positive. Reports in the press have also largely been positive. See, e.g., Rick Valliere, *NLRB Has Balance Required for Deciding Emerging Workplace Issues, Panel Agrees*, Daily Lab. Rep. (BNA), Jan. 7, 2000, at C-1 (quoting both management and union attorneys). Accordingly, the Board Members intend to maintain and continue their current focus and priorities in the future.

FRONT PAY AGAINST EMPLOYERS

Mr. Bonilla: Mr. Page recently advocated the imposition of a punitive sanction known as "front pay" against employers. This proposal would overrule decades of precedent under the National Labor Relations Act and waste the Board's resources in litigation. Is this a wise use of taxpayer dollars?

Mr. Page: Front pay is a remedy that is commonly available under numerous workplace discrimination laws including Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, the Family and Medical Leave Act and the Americans With Disabilities Act. The Board has never ruled on the availability of front pay under the National Labor Relations Act. Employers who engage in discrimination under the NLRA generally are required to offer reinstatement and pay backpay to the harmed employees. However, there are limited circumstances in which a traditional backpay remedy might not be available or appropriate. For this reason, I have recently issued a memorandum, available at http://www.nlrb.gov/gcmemo/gc00-01.html, which describes the circumstances in which front pay would better effectuate the purposes of the Act.

SALTING ABUSE

Mr. Bonilla: Congress has held 8 hearings on salting abuse. Have you reviewed the record of those proceedings? If not, why?

Mr. Truesdale: As I indicated to Congressman Dickey at the subcommittee's hearing on March 28, I have read of the hearings. I have not had the opportunity to review the record of those proceedings because of the overlying need for the Board to issue its oldest cases as well as my pledge to avoid proposing or commenting on substantive legislation.

Mr. Bonilla: Among other abuses reported, several salts have testified that unions have instructed their agents to lie, sabotage and generally work to destroy non-union companies whose employees have no interest in the union. What steps are you taking to combat this clear abuse of our nation's labor laws?

Mr. Truesdale: All the Board can do is look at each case that comes before it and reach a decision based on the record and the law that is relevant, which in these instances would reside within the parameters of the Supreme Court unanimous ruling in NLRB v. Town & Country, 116 S.Ct. 450 (1995).

DECERTIFICATION ELECTIONS

Mr. Bonilla: Why is it so difficult to have decertification elections heard by the Board?

Mr. Truesdale: Regional Offices and the Board treat decertification elections the same as other types of elections. The Regions endeavor to conduct the election within 42 days from filing in all types of elections. Similarly they do not discriminate with regard to recommended hearing dates. The Agency's Annual Report for 1998 indicates that the number closed for each type of election as a percentage of the total pending during the fiscal year is not significantly different (73% for RC or petitions for certification and 69% for RD or decertification petitions). Additionally, although hearings often account for substantial delays in representation matters, fewer hearings were conducted in decertification petitions (8% of all decertification petitions) than in petitions for certification (15% of all certification petitions). Conversely, the parties sign a higher percentage of election agreements in decertification cases (92%) than certification cases (85%). What these numbers indicate is that decertification election petitions occasion less pre-election litigation than certification elections and consequently, elections in these cases are likely to be held more quickly.

Finally, where an employer has been found to have committed, or has settled allegations that it committed, certain types of unfair labor practices (such as employer assistance of the petition), the Board refuses to process a

concurrent decertification petition and requires that employees present a new petition untainted by the prior employer conduct.

MAIL BALLOT ELECTIONS

Mr. Bonilla: Statistics show that fewer people vote with mail ballots. Why are you leaning toward mail ballots for elections when it is less representative of having each employer have a secret ballot vote?

Mr. Truesdale: Although studies demonstrate that voter participation in mail ballot elections is less than that in manual elections (68% versus 87% each year from FY 1996 to FY 1998), they do not demonstrate that voting by mail ballot *causes* lower participation rates or elections results that are less representative. Mail ballot elections have always been limited, by design, to situations where factors were present which were likely to inhibit voter participation if the election were conducted manually. There is no reason to believe, however, that the participation rate would necessarily be higher in those elections had they been conducted manually.

For example, the traditional source of many mail ballot elections is units of over-the-road truck drivers because of the infrequency in which those drivers would all be available for a manual election. Were we to run a manual election in such a unit, it is unlikely that the participation rate would ever approach the rate for a manual election in a typical industrial unit.

The criteria established in San Diego Gas & Electric, 325 NLRB 1143 (1998) to guide Regional Directors when considering the type of elections to be conducted is designed to maximize the opportunity of the voter to cast a ballot. Directors are to consider whether eligible voters are scattered over a wide geographic area; whether they work differing schedules that vary significantly and whether there is a strike, lockout or picketing. The existence of any of the three criteria generally depresses voter turnout in manual elections. If any of these three are present, the Director then considers secondary criteria: the desires of the parties; the ability of voters to read and understand the mail ballot instructions; the availability of addresses of the employees and the efficient use of Board resources.

Finally, it should be noted that the Board expects that the criteria in San Diego will be applied in very few cases. The vast majority of elections has been and will continue to be conducted by manual ballot because in most instances conducting the election at the workplace fosters the likelihood of maximum voter turnout. In this connection, since 1995 no less than 93.5% of all elections has been conducted using the manual method.

JUSTIFICATION FOR ADDITIONAL STAFF

Mr. Miller: Last year we added 124 FTE's over FY 1999 to your budget for this fiscal year (FY 2000), a 6.4% increase ($22 million). Now you're asking for another 55 employees, even though your *Budget Justification* cites an overall decrease of 8.9% (based on preliminary estimates) in cases filed in FY 1999. Why do you need these additional employees when the number of cases filed went down last year?

Mr. Page: Notwithstanding the decline in intake in FY 1999, there remained approximately 5,950 situations pending initial investigation at the end of the year—a level well in excess of historical norms. Our goal is to continue to reduce this backlog, but we need additional professional staff to do so. Many of our field offices continue to be understaffed. The requested additional hiring authority will enable us to meet the goals we have adopted under the Government Performance and Results Act, and will also help ensure continued high quality.

MANUAL BALLOT ELECTIONS

Mr. Miller: The Board has long recognized that manual ballot elections, which include voting booths to maximize secrecy of the ballot and strict rules to prevent undue influence in the balloting area, provide the best environment for employees to freely exercise, without interference, their rights either to select or reject union representation. Do you agree with that view? If not, why not?

Mr. Truesdale : In San Diego Gas & Electricity, 325 NLRB 1143, 1144 (1998), the plurality decision of the Board recognized that:

> Because of the value of having a Board Agent present at the election, the Board's longstanding precedent, to which we adhere, has been that representation elections should as a general rule be conducted manually, either at the workplace or at some other appropriate location.

Since I became Chairman in December 1998, I have not had a case before me in which I was called upon to pass on this or any other portion of San Diego Gas. Accordingly, I do not feel it would be appropriate for me to comment further on my views concerning this issue.

I do point out, however, that neither the secrecy of voters' ballots nor the integrity of the Board's election process has been shown to be impacted by occasional mail ballot elections. Mail ballots have been used since the NLRA was enacted and such abuses have rarely occurred. Indeed there has been only one reported case involving such abuse in the 65-year history of the Act. Moreover,

there have been only three such reported cases in elections conducted by the National Mediation Board under the Railway Labor Act, and those elections are routinely conducted by mail balloting.

Finally, the Board's official instructions for voting by mail specifically state that the ballot should be marked in secret, that it is important to maintain the secrecy of the ballot, and the voter should not show his/her marked ballot to anyone. The instructions caution that "if agents of either unions or employers interfere with your right to a free, fair and honest election, the election can be set aside by the Board. Improper conduct will not be permitted. All parties are expected to cooperate fully with this Agency in maintaining basic principles of a fair election as required by law." This admonishment that the election could be overturned deters employers and unions from seeking to observe employees mark their ballot.

Mr. Miller: However, in the last five or six years, the Board has substantially increased the percentage of mail ballot elections it conducts. For example, less than 3% of all Board elections were conducted by mail in 1995, compared to 5 or more percent in 1997 and in 1998. In prior years we have been told that the primary factor for this increase was cost and budget considerations. However, the cost differential between manual and mail ballots is minimal – less than $100 more per election for traditional manual ballots. In view of the superiority of the manual ballot, and the $10.7M (5.2%) requested increase in the Board's budget for FY 2001, what steps have you taken, or what steps do you intend to take, to maximize the percentage of manual ballot elections?

Mr. Truesdale: First, I note that in FY 1998 (1999 figures are not yet available), mail ballot elections were held in 4.1% of the 4,001 elections held that year. By comparison, 3.3% of the 3,632 elections held in FY 1995 were conducted by mail. In any event, although the efficient use of Board resources is one factor to be considered by the Regional Director when deciding the balloting issue, it is clearly to be considered only after primary criteria are met. The primary criteria involve the geographic scattering of eligible voters; voters assigned to work schedules that vary considerably; and the presence of a strike, lockout or picketing. When one or more of these criteria are present, resources is considered on an equal basis with the wishes of the parties, and the ability of the voters to read and understand mail balloting instructions. Further, in this regard, the Board specifically rejected a Regional decision to conduct an election using mail ballots when the only reason cited was the presumed savings in travel expenditures. See Williamette Industries, Inc., 322 NLRB 856 (1997).

Finally, although Agency resources is a minor factor in determining whether to conduct a mail or manual ballot election, it would not be fiscally prudent to ignore the costs of manual balloting as a secondary consideration simply because the Agency may receive more funds.

SECTION 10 (j) INJUNCTIONS

Mr. Miller: It is my understanding that the Regional Offices in some cases use Section 10 (j) injunctions to coerce settlements, particularly in cases involving small employers, in cases where the allegations do not appear to be sufficiently serious or pervasive to warrant such extraordinary relief. As you know from your experience in private practice, most small employers would find it impossible, both financially and from the standpoint of operating an on-going business, to defend themselves in an NLRB injunction proceeding before an Administrative Law Judge, Would you be willing to investigate the threatened use of 10(j) by the various Regional Offices to ensure that such proceedings are not being invoked in inappropriate cases to bludgeon employers into settling cases and report your findings back to the subcommittee?

Mr. Page: A Regional office institutes §10(j) proceedings in a case only after the case is reviewed in my office and I request the Board's authorization to proceed and the Board has voted to grant such authorization. The touchstone of our analysis is whether the violations alleged and the surrounding circumstances present a threat that, without interim judicial relief, the Board's final order will be ineffective. The system of §10(j) investigation and analysis in our Regional Offices likewise focuses on whether the violations in a particular case threaten remedial failure. I am unaware of any instance in which a Regional Office has informed a respondent employer or labor organization that it intended to seek §10(j) authorization in order to force that respondent to settle an unfair labor practice case. I would be glad to examine any situation about which you are concerned that this has happened. A respondent can be assured, however, that it will not be subject to §10(j) litigation based only on a Regional Office's views of the case.

JUSTIFICATION OF ESTIMATES



FISCAL YEAR 2001

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NARRATIVE JUSTIFICATION

OF

APPROPRIATION ESTIMATES

Fiscal Year 2001

"Salaries and Expenses,

National Labor Relations Board"

I. EXECUTIVE SUMMARY

The National Labor Relations Board (NLRB) requests an appropriation of $216,438,000 for Fiscal Year (FY) 2001, a 5.2 percent increase, or $10,721,000, over FY 2000. Funding at this level is requested to enable the NLRB, consistent with its Strategic Plan, to reduce casehandling backlogs and otherwise meet its strategic goals, thereby more effectively and efficiently enforcing the National Labor Relations Act (NLRA). Additionally, this request would maintain employee training and continue information technology initiatives.

The NLRB is an independent administrative agency created by Congress in 1935. The NLRA is the primary federal statute governing labor relations in the private sector. The Act embodies a bill of rights, which establishes freedom of association for the purposes of participating in the practice and procedure of collective bargaining. It defines and protects the rights of employees, unions and employers, and seeks to eliminate certain unfair labor practices on the part of employers and unions so as to promote commerce and strengthen the Nation's economy.

Under the NLRA, the NLRB has two primary functions: (1) to prevent and remedy statutorily defined unfair labor practices (referred to as ULP or "C" cases); and (2) to conduct secret-ballot elections among employees to determine whether the employees wish to be represented by a union (referred to as representation or "R" cases). The mission of the Agency is to carry out these statutory responsibilities as efficiently as possible, in a manner that gives full effect to the rights afforded to employees and employers under the NLRA.

The NLRA is different from most Federal regulatory statutes. Rather than imposing formal regulations on business or other sectors, or defining benefits, it instead establishes a framework for employers, employees, and unions to resolve their disputes. The NLRB thus enforces the ground rules for labor

disputes without presuming to dictate terms and conditions of employment. This enables and encourages labor and management to settle disputes themselves.

Over 70 percent of our total workforce is assigned to offices outside the Agency's Washington headquarters. All field professional employees are engaged in law enforcement work, as opposed to administrative coordination or oversight. Our regional directors are delegated substantive decision-making authority over the 35,000 cases that come before them every year. This local presence enhances the credibility of NLRB staff and makes it easier to resolve disputes and provide appropriate remedial relief.

The requested increase in funding over FY 2001 will cover mandatory adjustments in employee compensation and space rent, as well as an additional 55 FTE (over the 2000 Budget FTE level of 1,947) to enable the Agency to diminish the current backlog. Funding at the requested level will also enable the Agency to provide necessary training in casehandling and in the use of new technology.

Having experienced frequent Board Member turnover and staff reductions from 1994 to 1999, the FY 2001 request will enable the five-member Board to hire and retain qualified staff attorneys as well as provide specialized training. With the terms of two Board Members expiring during FY 2000 and FY 2001 and still another presently serving on a recess appointment, the additional funding is needed to realize the goals in the Agency's Annual Performance Plan. The Board will be seeking to issue all representation cases that have been pending at the Board more than 18 months and all unfair labor practice cases pending more than 24 months.

A comparison of our appropriation for FY 2000 and our request for FY 2001 follows:

(Dollars in Thousands)

	1999 Actual		2000 Budget		President's 2001 Request		Increase	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Personnel Compensation and Benefits	1,823	144,821	1,947	157,897	2,002	167,297	+55	+9,400
Other Expenses	—	39,285	—	47,820	—	49,141	—	+1,321
TOTAL	1,823	184,106	1,947	205,717	2,002	216,438	+55	+10,721

II. ORGANIZATION AND OPERATION

The NLRB consists of two major components. The Board itself has five members appointed by the President with the advice and consent of the Senate to act primarily as a quasi-judicial body in deciding cases on the basis of formal records in administrative proceedings. The General Counsel, also appointed by the President with the advice and consent of the Senate, has final authority to investigate unfair labor practice charges, issue complaints, and prosecute such complaints before administrative law judges and the Board. On behalf of the Board, the General Counsel also prosecutes injunction proceedings; handles court of appeals proceedings to enforce or review Board decisions and orders; participates in miscellaneous court litigation; and secures compliance with Board orders and court judgments. Under the general supervision of the General Counsel, 33 regional directors and their staffs process representation, unfair labor practice, and jurisdictional dispute cases.

The NLRB has no control over its case intake. Unfair labor practice (ULP) charges and petitions for representation are filed in our regional offices by employers, labor unions, and individual citizens. Because the nature of our work is labor-intensive, most of the NLRB's budget is dedicated to personnel costs (77 percent) and rental payments to the GSA (11 percent). Much of the remaining 12 percent is for expenses integral to our casehandling mission, such as information technology; transcripts in cases requiring a hearing; interpreter expenses resulting from cases which involve a growing, nationwide community of non-English speaking persons; travel; witness fees; and supplies. Nearly 70 percent of our travel costs are directly related to case processing (e.g., placing agents on the site of a labor dispute; conducting on-site representation elections; transporting Administrative Law Judges (ALJs) to the city where an unfair labor practice case is to be heard; sending an attorney in our Appellate Court Branch to a Circuit Court to argue an appeal). Most of the remaining travel funds go toward the automation initiative and professional training details.

While the NLRB can neither initiate nor refuse unfair labor practice charges or representation petitions, it has actively sought to maximize available resources by utilizing the Information Officer Program to assist individuals without processing charges or petitions, by maintaining high settlement and trial success rates, through the long-standing use of performance measurements based on the quality and timeliness of service, automation, and timely financial management. Most recently the General Counsel implemented Impact Analysis (IA) in differentiating among unfair labor practice cases in both Regional and General Counsel Headquarters offices. Under IA, the time goal for processing each case is based on its categorized priority. The highest priority cases, Category III, involve allegations most central to the achievement of the NLRB's mission and/or allegations that affect significant numbers of employees. The lowest priority cases, Category I, typically involve only one person, and/or are

limited as to the available relief. Category II cases are those that lie between Categories I and III.

III. FY 1999 HIGHLIGHTS

Below are the significant developments at the NLRB in 1999 by specific areas.

A. Staffing

Since 1993, FTE has been reduced by 12 percent. The NLRB's full-time equivalent (FTE) employment for FY 1999 was 1,823, a decrease of 57 FTE from FY 1998.

B. Casehandling Summary

Based on preliminary estimates, 27,051 unfair labor practice charges and 6,306 representation cases were filed in FY 1999, an overall decrease of 8.9 percent from FY 1998. Of the unfair labor practice charges filed, 36 percent were found to have merit so as to warrant the issuance of an unfair labor practice complaint against an employer or union. The settlement rate for field situations prior to formal litigation was 98.2 percent. During FY 1999, 1,644 employees were reinstated in the course of remedying alleged unfair labor practices, and 1,360 were offered reinstatement, but declined.

Regional offices conducted 3,324 initial elections, of which 87.7 percent were pursuant to agreement of the parties.

1. Information Officer (IO) Program And Agency Web Site

No charge brought to the NLRB is summarily dismissed or refused acceptance. However, through the use of an active IO Program, many potential charges, which relate to matters outside the jurisdiction of the NLRB, are directed to the appropriate Federal or State agency early in the assessment process, before extensive resources have been expended. For example, of 173,000 inquiries received during FY 1999, only 8,292, or 4.8 percent, resulted in charges being filed.

Since April 1997, the NLRB has maintained a web site available to the general public on the Internet (www.nlrb.gov) which contains facts about what the Agency does, a weekly summary of cases, press releases, public notices, Board decisions in full searchable text back to July 1996, rules and regulations, text of the National Labor Relations Act, casehandling manuals, and other publications. The web site also includes a Help Desk function that assists an individual in determining whether their workplace matter falls within the NLRB's jurisdiction

and provides referrals to other Federal and state agencies dealing with employment issues. It, in turn, describes the steps to file charges and petitions with the NLRB. Charge and petition forms are available for downloading. Information Officers are encouraged to refer callers to the web site to download materials or order publications. During FY 1999, the web site received over 6.6 million hits from outside the Agency.

During FY 1999, a Freedom of Information Act (FOIA) page was added to the web site so that visitors can find an explanation of their rights under FOIA, learn what kinds of records the NLRB maintains and where to file their FOIA requests, obtain certain records directly off the Internet, and copy a sample request letter.

2. CASEHANDLING TIME AND BACKLOGS

The timeliness of case processing is of primary concern to the NLRB. After thorough investigation by the regional offices, approximately one-third of all charges alleging unfair labor practices are determined to have merit so as to warrant the issuance of an unfair labor practice complaint against an employer or union. At the close of FY 1998, the number of unfair labor practice situations pending preliminary investigation was 6,198. By the end of FY 1999, situations pending preliminary investigation decreased to 6,050. At the end of FY 1999, 847 cases were awaiting hearing before an administrative law judge, compared to 1,106 at the end of FY 1998.

As noted, the NLRB conducted 3,325 initial representation elections in FY 1999. These were held within a median of 41.0 days from the filing of the election petition.

In FY 1999, the Board issued decisions in 422 unfair labor practice ("C") cases and 268 representation ("R") cases. At the end of the fiscal year, 564 "C" cases and 89 "R" cases were awaiting disposition. Most significantly, the Board was able to reduce the number of representation cases pending two years or more from 87 to six and unfair labor practice cases pending three years or more from 81 to 13.

3. SETTLEMENTS

The NLRB's effectiveness and efficiency in administering the Act is greatly enhanced by its ability to achieve a voluntary resolution of meritorious unfair labor practice cases. It has long been the NLRB's belief that all parties are better served if we are able to settle their disputes without the need for time-consuming and costly formal litigation.

A settlement rate exceeding 98 percent for field situations prior to formal litigation was achieved in 1999. The maintenance of consistently high settlement rates not only assures the prompt resolution of the majority of labor disputes, but enables our staffing resources to be directed to reducing the number of backlogged cases. Charges are easiest to settle when the backpay at issue is low. When backpay accumulates for six to eight months on a backlogged case, the charged party, in weighing the possibility of winning against the cost of litigation, often concludes that it would be worthwhile to litigate. Furthermore, when not dealt with promptly, labor disputes tend to fester and become more severe. Hence, the longer a case is kept in pending status, the greater the likelihood that additional charges will be filed.

C. Projects/Initiatives

1. GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA)

The Agency's Strategic Plan established performance measures to be met in each of the years covered by the plan and a number of additional measures which were to be met in Fiscal Year 1999. Those measures are listed below under each of the established goals, with an explanation of what was achieved in Fiscal Year 1999 with respect to each of these performance measures.

Goal No. 1: Resolve questions concerning representation impartially, promptly and conclusively.

Key Performance Measures	FY 1999 Target	FY 1999 Actual
Elections held within 42 days of filing of petition.	50%	62.5%
Elections held within 56 days of filing of petition	87.5%	90.3%
Elections held more than 85 days after filing unless circumstances are beyond control of regions	0	7 elections
Median days to issue report resolving post-election issues (no hearing held)	26	23
Median days to issue report resolving post-election issues (hearing held)	77	78
Issue no report more than 100 days from objections or challenges (hearing held) except for reasons beyond control of regions	0	59 reports
Voluntary election agreements	80%	87.7%

Key Performance Measure	FY 1999 Target	FY 1999 Actual
Ruling on Requests for Review of Regional Directors Decisions – median days after receipt of request	18	13
Reduce the median age of representation cases pending before the Board. The median age at the outset of the year was 260 days	5% reduction	As a result of concentration on the oldest and most difficult cases, the age of representation cases pending at the Board was not reduced.
Reduce the number of representation cases pending before the Board that are over 2 years old.	The Board will issue all representation cases pending more than 2 years.	The number of representation cases pending over 2 years was reduced from 88 to 7 cases, meeting 92% of the goal.

Goal No. 2: Investigate, prosecute and remedy unlawful acts, called unfair labor practices, by either employers or unions or both.

Key Performance Measures	FY 1999 Target	FY 1999 Actual
Impact Analysis: Reduce % of unexcused of overage cases Category III (49 days) Category II (77 days) Category I (105 days)	 13% 20% 30%	 9.7% 17% 15.2%
Settlement rate for field situations prior to formal litigation	90%	98.2%
When an appeal is sustained from dismissal of charge, case will close within 120 days of receipt	60%	41%
Trial Calendar – Median days from issuance of complaint to close of hearing	200	157

Goal No. 4: Fully integrate information resource management into the working environment to increase the Agency's ability to provide information to the public and meet Agency core mission functions and goals.

In 1994, the NLRB began development and implementation of a Case Activity Tracking System (CATS) initiative to meet its automation needs for case processing. The NLRB's case tracking systems at that time were antiquated and composed of numerous, unrelated databases. These systems did not adequately support the Agency's need for prompt, accurate, and comprehensive information to effectively manage the Agency's workload or to respond to inquiries from the Administration, Congress or the public. Advances in information technology have made it possible to conduct case-related research and other important aspects of case processing with greater efficiency, yielding enhanced productivity.

The Agency's CATS initiative supports the functions, processes, and information needs of case tracking.

The case tracking system will fill both the statistical management information needs and the case handling requirements of the Agency by providing desktop access (with appropriate restrictions) to statistical and substantive information on every case to every Agency professional.

The legal research systems meet Agency demand for access to legal and administrative documents produced by the Agency. This system takes advantage of information retrieval technology for organizing and searching current documents generated in past cases and NLRB activities. The initial system includes such documents as Board Decisions, guidance from the Headquarters offices, and administrative and procedural documents.

Litigation support provides software to support Board agents in their work with documents in open cases. This system enables offices to organize, maintain, and search case transcripts and affidavits. By affording rapid searching of these documents, and allowing user annotations and comments, this system is expected to be especially useful for attorneys and NLRB staff dealing with very large documents or sets of documents such as long transcripts from hearings.

Automated litigation support was deployed. The legal research collection of materials was compiled and placed in databases and on the NLRB web site. The wide area network was completed. The combination of the Internet and wide area network gives all NLRB employees access to legal research.

Key Performance Measures	FY 1999 Target	FY 1999 Actual
Establish infrastructure at NLRB locations – 18 already established	18 additional (total of 36)	27 additional (total of 45)
Improve electronic access to legal research materials	Every NLRB office will have access to Internet	All NLRB offices have access to the Internet
National telecommunications architecture-10 already established	Design will be deployed in another 44 locations (Total 54)	Design completed and deployed in all 54 locations.
Case Activity Tracking System (CATS) operational at field locations- already operational in two field locations	26 additional field locations (Total 28)	24 additional field locations (Total 26)
Year 2000 Compliance	NLRB application systems will be compliant, based on Agency contingency plans	NLRB application systems are compliant, based on Agency contingency plans

2. FIELD RESTRUCTURING

During FY 1999, the General Counsel launched an examination of several field offices to determine whether their location, size and status best facilitated the enforcement and administration of the Act in the most cost effective manner. A committee of senior field and headquarters managers began the process with a thorough examination of the current office structure and case intake trends. Input into the process then was invited from the National Labor Relations Board Union, which represents field professional and support employees, and from Agency field manager and supervisor groups. Finally, Agency "stakeholders," including labor-management attorneys, labor organizations, employer groups and elected government officials were solicited to provide their views on the proposals. Recommendations were acted on in FY 2000. See FY 2000 Projections for further details.

IV. FY 2000 PROJECTIONS

A. Staffing

The NLRB's FTE total in FY 2000 will increase to 1,947 from 1,823 during FY 1999.

B. Caseload

With additional field staff and productivity gains, 1,300 more cases will be handled. We project that 4,750 situations will be awaiting investigation at the end of FY 2000, a 21.5 percent decrease from the end of FY 1999.

On average the five-member Board disposes of approximately 1,000 appeals in a year.

C. Projects/Initiatives

1. GOVERNMENT PERFORMANCE AND RESULTS ACT

The NLRB's 1999 Performance Plan sets forth goals and performance criteria for FY 2000 in line with the Agency's 1997-2002 Strategic Plan.

Goal No. 1: Resolve questions concerning representation impartially, promptly and conclusively.

Key Performance Measures	FY 2000 Commitment
Elections held within 42 days of filing of petition.	60%
Elections held within 56 days of filing of petition	90%
Elections held more than 85 days after filing unless circumstances are beyond control of regions	0
Median days to issue report resolving post-election issues (no hearing held)	25
Median days to issue report resolving post-election issues (hearing held)	73
Issue report in more than 120 days from objections or challenges, unless circumstances are beyond control of regions	0

Key Performance Measures	FY 2000 Commitment
Voluntary election agreements	85%
Ruling on Requests for Review of Regional Directors Decisions – median days after receipt of request	18
Reduce the median age of representation cases pending before the Board	5% reduction
Reduce the number of representation cases pending before the Board that are over 20 months old.	100%

Goal No. 2: Investigate, prosecute and remedy unlawful acts, called unfair labor practices, by either employers or unions or both.

Key Performance Measures	FY 2000 Commitment
Impact Analysis: Reduce tolerable % of unexcused overage cases to: Category III (49 days) Category II (77 days) Category I (105 days)	 10% 15% 20%
Settlement rate for field situations prior to formal litigation	90%
When an appeal is sustained from dismissal of charge, case will close within 120 days of receipt	60%
Trial Calendar – Median days from issuance of complaint to close of hearing (271 in FY 1998)	180
Issue ALJ decision – median days from filing of brief	90
Close Advice cases in median of 25 days of receipt from Regional Offices (in cases not seeking injunctions)	25 days
Close Advice cases seeking sec. 10(j) injunctions, within 25 days of receipt from Regional Offices	85%

Key Performance Measures	FY 2000 Commitment
Provide appropriate memo to the Board in Advice cases seeking sec. 10(j) injunctions, within 10 days of receipt from Regional Offices	40%
Reduce the median age of unfair labor practice cases pending before the Board	5% reduction
Reduce the number of unfair labor practice cases pending before the Board that are over 30 months old.	100% reduction
Priority enforcement petitions filed within 100 days from referral	90%
All other enforcement petitions filed within 150 days from referral	80%
Compliance: From Receipt of Order to Closing Category III (91 days)	5% overage
Category II (119 days)	13% overage
Category I (147 days)	15% overage

Goal No. 3: The NLRB will develop and maintain a well trained, highly effective, productive, customer-service oriented workforce.

Key Performance Measures	FY 2000 Commitment
General Counsel staff training- specific Agency initiatives, for example providing agency supervisory training and FOIA training	Training will be provided for employees in the Divisions of Advice, Enforcement Litigation, and Administration
Staff training – career development and continuing legal training	Training by outside vendors will be provided for all employees on subjects related to the performance of Agency responsibilities and career development
Exchange Detail program	As many as 24 field professional and 13 field support employees will be detailed to headquarters. As many as 17 headquarters professionals will be detailed to the field. Up to 11 headquarter professional employees will be detailed to other headquarters offices.
Training Seminars – Strategic Plan	General Counsel will train field staff and headquarters supervisors on responsibilities under GPRA
Training Seminars – trial attorneys, field examiners and regional management	General Counsel will provide litigation training to field attorneys, representation case training to field examiners and headquarters employees
Training Seminars- new employees, compliance and FOIA	General Counsel will provide new employee training, compliance training to field compliance staff, 10(j) injunction and FOIA training to field and headquarters employees
Judges Training	The Board will provide training to 65 administrative law judges
Board Staff Training - supervisors	The Board will provide training to supervisors on such issues as leadership, team management, efficiency and timeliness in case processing

Goal No. 4: Fully integrate information resource management into the working environment to increase the Agency's ability to provide information to the public and meet Agency core mission functions and goals.

The FY 2000 budget includes $11,750,000 million for IT initiatives that include completion of CATS, modernization of the hardware infrastructure, maintenance, replacement of peripherals, establishment of a technical library, support for a national helpdesk and resource center, establishment of a technical training facility, and training and support for authorized Agency activities. An NLRB Intranet will be created. Deployment of CATS to all locations and migration to a new e-mail system will require an increase in bandwidth across the Wide Area Network. This increased bandwidth will be installed at 21 locations during FY 2000.

Key Performance Measures	FY 2000 Commitment
Establish infrastructure at NLRB locations – 45 already established	9 additional (Total 54 locations)
Case Activity Tracking System operational at field locations – 26 already completed	Operational in 28 remaining locations (Total 54 locations)
Replace the electronic mail system	The Microsoft Exchange/Outlook 2000 Pilot will be completed. Deployment and implementation will begin.

2. FIELD RESTRUCTURING

In November 1999, the NLRB announced restructuring initiatives affecting six of its field office locations. As soon as a smooth transition can be arranged, the Peoria, IL field office, Region 33, will be downgraded to a subregional office of Region 14 in St. Louis, MO. Unfair labor practice and representation cases in the areas currently served by Region 33 will continue to be filed in and investigated by the staff in the Peoria office. Overall authority with respect to those cases, however, will be exercised by the Regional Director in Region 14, to which the Peoria office now will report for administrative purposes.

Board offices in Albuquerque, NM; San Antonio, TX; Little Rock, AR; Jacksonville, FL; and Tulsa, OK currently are among the smallest resident offices. Under the restructuring plan, the professional agents and support personnel in those offices will relinquish their current rented space and begin to share space with the U.S. Department of Labor or other Federal agencies in their geographic locations. The restructuring of these offices will be accomplished over the course of FY 2000 as current leases expire and alternative Federal space becomes available.

Conversion of the Peoria Regional Office to a sub-regional office of Region 14, St. Louis will result in the combination of two of the Agency's smaller contiguous regional offices. The resultant regional office will be the sixth largest in the country in terms of case intake and staff. A reduction of one SES position will be accomplished through attrition.

Significant efficiencies and cost savings will be realized, without a decline in the level of service offered to the public, when the five identified resident office locations surrender their existing independent space and enter into shared space arrangements with other Federal entities in their geographic areas. Thus, the NLRB will continue to have a presence in the locations served by these resident offices and will continue to provide convenient and prompt service to local parties while realizing taxpayer savings.

V. JUSTIFICATION OF FY 2001 BUDGET REQUEST

The funding increase requested is needed to enable the NLRB to meet the goals and targets of its Strategic Plan and thereby effectively and efficiently carry out its statutory mission.

A. Staffing

An increase of 55 additional staff will increase Agency staffing from the 2000 Budget level of 1,947 to 2,002 FTE. These additional FTE, when combined with our automation initiatives and a two percent increase in productivity, will enable us to diminish case backlogs and more promptly resolve workplace disputes.

B. Caseload

Case intake for FY 2001 is assumed to be level with FY 2000 at 36,000. As a result of productivity gains and requested additional field staff, we project that, as of October 1, 2001, there will be 2,550 ULP situations pending initial investigation, an acceptable level of pending matters.

1. Information Officer (IO) Program and Agency Web Site.

NLRB will continue use of an active IO program. This program has proven to be an effective screening tool for the agency. But more importantly, it has proven to be a particularly helpful tool for the public.

NLRB will continue its efforts to serve the public by improving its web site to provide information regarding the rights and obligations of employees and employers under the NLRA. This will further the effectiveness and efficiency of the agency in carrying out its mission.

C. Projects/Initiatives

1. GOVERNMENT PERFORMANCE AND RESULTS ACT

In developing its Strategic Plan for FYs 2001-2005, the NLRB reduced revised its performance goals and measures to focus on the two functions fundamental to the Agency mission. Pursuant to the goals set forth in the NLRB's Strategic Plan, performance measures for FY 2001 include:

Goal No. 1: Resolve questions concerning representation impartially and promptly.

Key Performance Measures	FY 2001 Commitment
Elections held within 56 days of filing of petition	92%
Issue post-election reports within 100 days from the date of election, or in the case of objections, from the date they are filed	85%
Voluntary election agreements	86%
Ruling on Requests for Review of Regional Directors Decisions – median days after receipt of request	14
Reduce the number of representation cases pending before the Board that are over 18 months old.	100% reduction
Issue test of certification[1] decision in a 80-day median from filing of charge.	100%

[1] A case to determine whether an employer has unlawfully refused to bargain with a newly certified union.

Goal No. 2: Investigate, prosecute and remedy unfair labor practice cases by either employers or unions or both impartially and promptly.

Key Performance Measures	FY 2001 Commitment
Impact Analysis: Category III - Reduce % of unexcused overage charges (49 days) Category II – Reduce % of unexcused overage charges (77 days) Category I – Reduce % of unexcused overage charges (105 days)	 10% 15% 15%
Settlement rate for field situations prior to formal litigation	95%
Trial Calendar – Median days from issuance of complaint to close of hearing (200 in FY 1999)	170
When an appeal is sustained from dismissal of charge, case will close within 120 days of receipt	60%
Close Advice cases seeking Section 10(j) injunctive relief where there has been Board authorization within 25 days of receipt from Regional Offices, excluding deferral time	80%
Issue ALJ decision – median days from filing of brief	62
File applications for enforcement within 30 days of the referral	50%
Reduce the number of Unfair Labor Practice cases pending at the Board from 650 cases	450 cases pending
Reduce the number of unfair labor practice cases pending before the Board that are over 2 years old.	100% reduction
Compliance: From Receipt of Order to Closing Category III (91 days)	 9% overage
Category II (119 days)	10% overage
Category I (147 days)	10% overage

2. INFORMATION MANAGEMENT

This FY 2001 request for $11,375,000 for IT initiatives includes increasing the Wide Area Network bandwidth for the remaining 33 offices, completion of five of the 11 CATS Headquarters systems, and complete implementation of the new e-mail system. It also includes modernization of the hardware infrastructure, maintenance, replacement of peripherals, support for the Technical Library, support for a national Helpdesk and Resource Center, support for the technical training facility, training, and support for authorized Agency activities.

VI. CONCLUSION

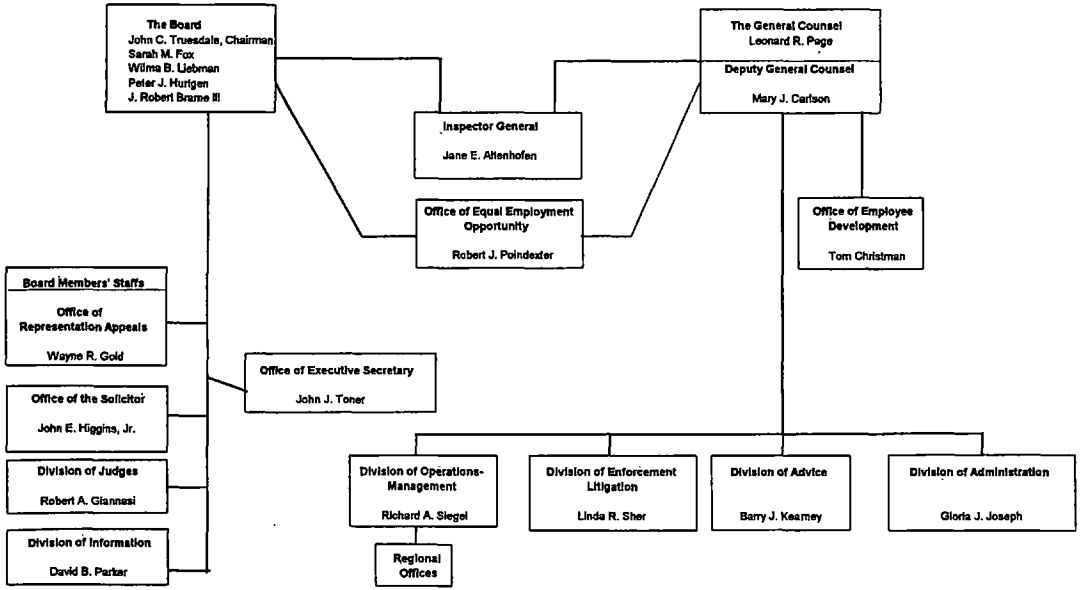
If the agency is funded at the requested level, NLRB will be able to meet the goals and targets of its strategic plan and thereby effectively and efficiently carry out its statutory mission. NLRB will focus on diminishing the backlog, completing deployment of the automated Case Activity Tracking System, and restoring an effective employee training program.

The critical role of the NLRB in contributing to economic stability and facilitating the unimpeded flow of commerce is the fundamental justification for this request now before the Congress. We believe the high degree of public trust that the NLRB has earned over the last 65 years has not been misplaced. The President's Budget for FY 2001 will enable the NLRB to fulfill its responsibilities in the spirit of its continuing dedication and commitment to protecting the rights afforded to employees and employers under the NLRA.

The National Labor Relations Board respectfully requests favorable consideration by the Congress of this Fiscal Year 2001 request.

NATIONAL LABOR RELATIONS BOARD

ORGANIZATION CHART



APPROPRIATIONS LANGUAGE AND AUTHORIZING LEGISLATION

NATIONAL LABOR RELATIONS BOARD

SALARIES AND EXPENSES

For expenses necessary for the National Labor Relations Board to carry out the functions vested in it by the Labor-Management Relations Act, 1947, as amended (29 U.S.C. 141-167), and other laws, [$205,717,000] *$216,438,000*: *Provided*, That no part of this appropriation shall be available to organize or assist in organizing agricultural laborers or used in connection with investigations, hearings, directives, or orders concerning bargaining units composed of agricultural laborers as referred to in section 2(3) of the Act of July 5, 1935 (29 U.S.C. 152), and as amended by the Labor-Management Relations Act, 1947, as amended, and as defined in section 3(f) of the Act of June 25, 1938 (29 U.S.C. 203), and including in said definition employees engaged in the maintenance and operation of ditches, canals, reservoirs, and waterways when maintained or operated on a mutual, nonprofit basis and at least 95 per centum of the water stored or supplied thereby is used for farming purposes. (*Department of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2000*)

The National Labor Relations Board is permanently authorized under the National Labor Relations Act of 1935 (29 U.S.C. 167) as amended.

NATIONAL LABOR RELATIONS BOARD
BUDGET AUTHORITY
(in millions of dollars)

	1999	2000	2001
Appropriation	$184,106	$205,717	$216,438
Total Budget Authority	$184,106	$205,717	$216,438

Budget Authority by Activities
(in millions of dollars)

	FY 1999		FY 2000		FY 2001		DIFFERENCE	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Field Investigation	1,440	$145	1,538	$162	1,582	$170	44	$8
Administrative Law Judge Hearing	123	$12	131	$14	135	$15	4	$1
Board Adjudication	168	$17	180	$19	185	$20	5	$1
Securing Compliance with Board Order	85	$9	91	$10	93	$10	2	$0
Internal Review	7	$1	7	$1	7	$1	0	$0
Subtotal, Direct Budget Authority	1,823	$184	1,947	$206	2,002	$216	55	$10
Reimbursables								$0
Total Budget Authority	1,823	$184	1,947	$206	2,002	$216	55	$10

NATIONAL LABOR RELATIONS BOARD
BUDGET AUTHORITY BY OBJECT CLASS
(in millions of dollars)

	FY 1999 ACTUAL	2000 ESTIMATE	2001 REQUEST	CHANGE
Personnel Compensation:				
Full-time Permanent	116	124	131	7
Other Than Full-time Permanent	4	5	4	(1)
Other Personnel Compensation	2	2	2	0
Special Personal Services Payment	0	0	0	0
Subtotal Personnel Compensatio	122	131	137	6
Civilian Personnel Benefits	23	27	30	3
Travel and Transportation of Persons	3	5	6	1
Rental Payments to GSA	21	22	22	0
Rent; Communications, and Utilities	2	3	3	0
Other Services	9	14	13	(1)
Supplies and Materials	1	1	1	0
Furniture and Equipment	3	3	4	1
Subtotal, Direct Budget Authority	184	206	216	10
Reimbursables	0	0	0	0
Total Budget Authority (gross)	184	206	216	10

NATIONAL LABOR RELATIONS BOARD
DETAIL OF FULL-TIME EQUIVALENT EMPLOYMENT

	1999 ACTUAL	2000 ESTIMATE	2001 REQUEST
Executive Level I	0	0	0
Executive Level II	0	0	0
Executive Level III	1	1	1
Executive Level IV	5	5	5
Executive Level V	0	0	0
Subtotal	6	6	6
ES-6	2	3	3
ES-5	37	38	38
ES-4	17	16	16
ES-3	1	2	2
ES-2	1	1	1
ES-1	0	0	0
Subtotal	58	60	60
AL-1	1	1	1
AL-2	4	5	5
AL-3	54	55	64
Subtotal	59	61	70
GS/GM-15	194	205	205
GS/GM-14	467	470	472
GS/GM-13	343	345	350
GS-12	84	125	153
GS-11	61	100	100
GS-10	4	1	1
GS-9	50	74	80
GS-8	72	74	71
GS-7	180	182	185
GS-6	123	123	125
GS-5	111	111	115
GS-4	8	9	9
GS-3	1	1	1
GS-2	0	0	0
GS-1	3	0	0
Subtotal	1,700	1,820	1,867
Total Permanent Employment On Board, End-of-Year	1,863	1,915	2,100
Full-time Equivalent Usage	1,823	1,947	2,002
Average ES Level	4.66	4.67	4.67
Average ES Salary	$123,646	$127,836	$132,566
Average AL Level	2.90	2.89	2.90
Average AL Salary	$115,489	$116,794	$115,446
Average GS/GM Grade	11.31	11.42	11.36
Average GS/GM Salary	$60,617	$59,115	$60,512

NATIONAL LABOR RELATIONS BOARD
AMOUNTS AVAILABLE FOR OBLIGATION
(in thousands of dollars)

	FY 1999 ACTUAL	FY 2000 ESTIMATE	FY 2001 REQUEST
Appropriation	184,106	205,717	216,438
Appropriation (total)	**184,106**	**205,717**	**216,438**
Spending authority from offsetting collections	360 *	275 *	25
Lapsed Balance in Prior Year	0		
Total Obligations	**184,466**	**205,992**	**216,463**

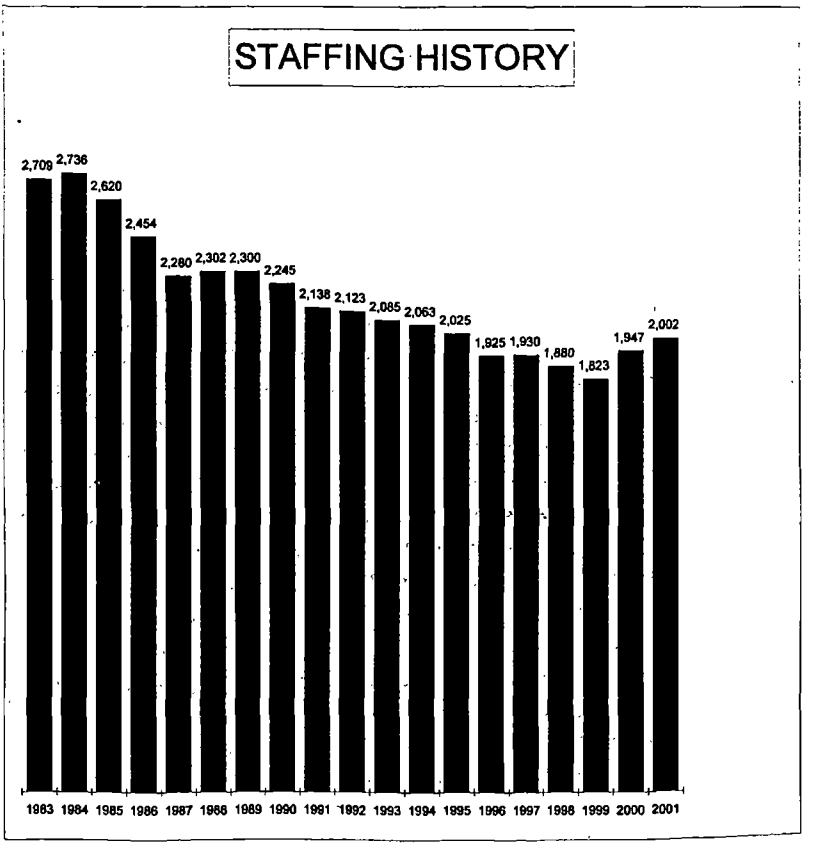
*** Fitness Center, Jury Fees and Interagency Agreement**

NATIONAL LABOR RELATIONS BOARD
Appropriation History

Year	Estimate to Congress		House Allowance		Senate Allowance		Appropriation or Continuing Authorization	
1970	$39,038,950		$39,038,950		$39,038,950		$39,038,950	
1971	$40,327,000		$41,827,000		$41,827,000		$41,827,000	
1972	$48,468,000		$48,468,000		$48,468,000		$48,468,000	
1973	$50,456,000		$50,456,000		$50,456,000		$50,456,000	
1974	$56,057,000		$56,057,000		$56,057,000		$56,057,000	
1975	$63,089,000		$62,669,000		$62,669,000		$62,669,000	
1976	$70,330,000		$69,292,000		$69,902,000		$69,597,000	
TQ	$17,799,000		$17,517,000		$17,670,000		$17,593,000	
1977	$81,336,000		$80,908,000		$81,336,000		$80,808,000	
1978	$92,508,000		$92,508,000		$92,508,000		$92,508,000	
1979	$103,012,000		$102,762,000		$102,762,000		$102,762,000	
1980	$113,873,000		$112,261,000	1/	$112,261,000	1/	$112,261,000	1/
1981	$119,548,000		$119,548,000		$119,548,000		$118,488,000	2/
1982	$128,336,000		$125,959,000		$120,000,000		$117,800,000	3/
1983	$133,000,000		$126,045,000		$126,045,000		$126,045,000	
1984	$134,158,000		$133,594,000		$134,158,000		$133,594,000	
1985	$137,964,000		$137,964,000		$137,864,000		$137,964,000	
1986	$130,895,000	4/	$134,854,000		$134,854,000		$129,055,000	5/
1987	$130,865,000		$132,247,000		$132,247,000		$132,247,000	
1988	$141,580,000		$139,019,000		$139,019,000		$133,097,000	6/
1989	$138,647,000		$138,647,000		$138,647,000		$136,983,000	7/
1990	$140,111,000		$140,111,000		$140,111,000		$140,111,000	
1991	$151,103,000		$151,103,000		$151,103,000		$151,103,000	8/
1992	$162,000,000		$162,000,000		$162,000,000		$162,000,000	
1993	$172,905,000		$171,176,000		$171,176,000		$171,176,000	9/
1994	$171,274,000		$171,274,000		$171,274,000		$171,274,000	
1995	$174,700,000		$173,388,000		$176,047,000		$176,047,000	10/
1996	$181,134,000		$123,233,000			11/	$170,743,000	12/
1997	$181,134,000		$144,692,000			13/	$175,000,000	14/
1998	$186,434,000		$174,661,000		$174,661,000		$174,661,000	
1999	$184,451,000		$174,661,000		$184,451,000		$184,451,000	15/
2000	$210,193,000		$205,717,000		$205,717,000	16/	$205,717,000	17/
2001	$216,438,000							

1/ Net $356,000 rescinded (by P.L. 96-304) for purchase of furniture
2/ Rescission of $1,060,000 by P.L. 97-12
3/ Total amount available under Continuing Resolutions for FY 1982.
4/ Included reduction of $3,959,000 for 5% cut in Federal employee pay.
5/ Reflects $5,799,000 reduction pursuant to P.L. 99-177
6/ This amount was subsequently reduced by $641,000 for an across-the-board appropriation travel reduction.
7/ An amendment to the Appropriation Bill (P.L. 100-436) reduced all discretionary programs by 1.2%.
8/ An amendment to the Appropriation Bill (P.L. 101-517) reduced all discretionary programs by 2.41%; therefore, FY 1991 available funding was $147,461,000.
9/ This amount was reduced to $169,807,000 due to a 0.8% across-the-board reduction in conference.
10/ This was reduced by $326,000 to $175,721,000 in accordance with a governmentwide rescission (P.L. 104-19).
11/ The Senate Appropriations Committee recommended $176,047,000. However, the full Senate never voted on the Labor/HHS Appropriations bill. Funding was provided through the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (P.L. 104-134).
12/ This was reduced by $477,000 to $170,266,000 in accordance with two rescissions in the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (P.L. 104-134).
13/ The Senate Appropriations Committee recommended $170,266,000. However, the full Senate never voted on the Labor/HHS Appropriations bill. Funding was provided through the Omnibus Consolidated Appropriations Act of 1997 (P.L. 104-208).
14/ This was reduced by $339,000 to $174,661,000 due to across-the-board reductions in conference (in accordance with Section 519, P.L. 104-208).
15/ This was reduced by $221,000 to $184,230,000 in accordance with a governmentwide rescission (P.L. 106-5).
16/ The House Appropriations Committee recommended $174,661,000. However, the full House never voted on the Labor/HHS Appropriations bill. Funding was provided through the Consolidated Appropriations Act for 2000 (P.L.106-)
17/ This was reduced by $783,000 to $205,717,000 due to across-the-board reductions in conference (in accordance with Section , P.L. 106-).

NATIONAL LABOR RELATIONS BOARD



CONGRESSIONAL DIRECTIVES

House Report 106-370 stated: "The Committee understands that various proposals to restructure or close certain regional or subregional offices have been under consideration for some time. The Committee encourages the Board to continue these discussions and to come to a decision soon in an effort to streamline the processing of cases. "

On November 23, 1999, the National Labor Relations Board announced restructuring initiatives affecting six of its field office locations. Consistent with the Board's direction, as soon as a smooth transition can be arranged, the Peoria, IL field office, currently Region 33, will cease to function as a regional office and will begin to operate as a subregional office under Region 14, St. Louis, MO. Unfair labor practice and representation cases arising under the National Labor Relations Act in the areas that have been served by Region 33 will continue to be filed in and investigated by the staff in the Peoria office. Overall authority with respect to those cases, however, will be exercised by the Regional Director in Region 14, to which the Peoria office now will report for administrative purposes.

Board installations in Albuquerque, NM, San Antonio, TX, Little Rock, AR, Jacksonville, FL and Tulsa, OK currently are among the smallest resident offices in the NLRB's system of field locations. Under the plan approved by the Board, the professional agents and support personnel in those offices will relinquish their current rented space and begin to share space with the U.S. Department of Labor or other Federal Government agencies located in their geographic locations. The restructuring of these offices will be accomplished over the course of the next several months as current leases expire and alternative federal space becomes available.

Conversion of the Peoria Regional Office to a sub-regional office of Region 14, St. Louis will result in the combination of two of the Agency's smaller contiguous regional offices. The resultant regional office will be the sixth largest in the country in terms of case intake and staff. A reduction of one SES position will be accomplished through attrition.

MAJOR WORKLOAD AND OUTPUT DATA

	FY 1999 ACTUAL	FY 2000 ESTIMATE	FY 2001 REQUEST
1) Regional Offices:			
Unfair Labor Practice (ULP) Cases			
Situations Pending Preliminary Investigation at Start of Year	6,198	5,950	4,650
Case Intake During Year	27,051 *	30,000	30,000
Consolidation of Dispositions	2,865	3,000	3,000
Total ULP Proceedings	24,434	28,300	29,100
Situations Pending Preliminary Investigation at End of Year	5,950	4,650	2,550
Representation Cases			
Case Intake During Year	6,306 *	6,005	6,200
Dispositions	2,818	3,000	3,480
Regional Directors Decisions	704	725	905
* Preliminary figures			
2) Administrative Law Judges:			
Hearings Pending at Start of Year	1,106	706	811
Hearings Closed	431	534	600
Hearings Pending at End of Year	706	811	749
Adjustments After Hearings Closed	0	1	1
Decisions Pending at Start of Year	134	152	172
Decisions Issued	474	569	611
Decisions Pending at End of Year	152	172	165
3) Board Adjudication:			
Contested Board Decisions Issued	422	478	635
Representation Election Cases			
Decisions Issued	216	167	177
Objection Rulings	160	176	218
4) General Counsel - Washington:			
Advice Pending at Start of Year	131	80	43
Advice Cases Received During Year	731	800	815
Advice Disposed	782	837	815
Advice Pending at End of Year	80	43	43
Appeals Pending at Start of Year	867	765	796
Appeals Received During Year	2,983	3,194	2,897
Appeals Disposed	3,085	3,163	3,226
Appeals Pending at End of Year	765	796	467
Enforcement Cases Received During Year	314	416	465
Enforcement Briefs Filed	103	112	114
Enforcement Cases Dropped or Settled	62	63	64

NATIONAL LABOR RELATIONS BOARD
SUMMARY OF CHANGES
(in thousands of dollars)

2000 Estimate	**$205,717**
2001 Request	**$216,438**
Net Change	**$10,721**

INCREASES:	**Base**	**Change From Base**	**Percent Change**
Personnel Salaries & Benefits	$154,749	$8,280	5.4%
Casehandling Expenses	$4,108	$1,272	31.0%
FECA	$594	$72	12.1%
Benefits for Former Employees	$30	$0	0.0%
Space Rent	$21,434	$784	3.7%
Health Program	$246	$38	15.6%
Employee Transfers	$1,063	$626	58.9%
Subscriptions	$369	$37	10.0%
Cash Awards	$1,579	$80	5.1%
Exchange Program	$250	$0	0.0%
Communications	$2,350	$120	5.1%
Total, Increases	**$186,771**	**$11,309**	6.1%

DECREASES:	**Base**	**Change From Base**	
Miscellaneous Expenses	$5,388	($38)	-0.7%
Training Programs	$1,809	($175)	-9.7%
Information Management	$11,750	($375)	-3.2%
Total, Decreases	**$18,947**	**($588)**	-3.1%
Net Change	**$205,717**	**$10,721**	5.2%

COMPARISON OF MEDIAN TIME (DAYS) ELAPSED IN PROCESSING CASES

	FISCAL YEAR																								
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999*
I. UNFAIR LABOR PRACTICE CASES																									
A. INFORMAL AGENCY DISPOSITIONS 1																									
1. Filing to Withdrawal	27	23	26	26	26	26	26	31	31	31	31	31	32	33	33	34	35	35	36	38	41	51	65	69	63
2. Filing to Dismissal																									
a. No Appeal	52	54	50	49	50	53	52	53	54	55	54	54	56	56	56	57	57	59	59	63	68	88	111	106	112
b. After Appeal	81	82	78	77	84	92	90	77	83	80	78	84	99	94	89	100	90	87	90	113	122	137	172	216	215
3. Filing to Settlement or Adjustment	39	40	34	34	30	33	32	33	32	32	38	52	42	45	45	45	49	49	45	54	60	79	92	95	95
4. Filing to Informal Closing (90% of all closings)	42	44	41	40	39	40	40	41	40	41	42	49	48	49	48	49	51	51	50	56	60	77	94	97	96
B. FORMAL AGENCY DISPOSITIONS																									
1. Filing to Complaint	54	55	48	47	45	46	44	48	45	45	44	45	46	46	45	48	52	48	46	52	60	82	86	87	88
2. Complaint to Close of Hearing	55	75	90	116	142	155	173	251	156	122	112	98	112	127	133	154	163	169	198	180	199	165	184	179	168
3. Close of Hearing to Judge's Decision	72	89	113	140	157	158	139	132	118	116	126	125	117	139	153	155	185	153	140	128	114	111	112	120	120
4. Board Decisions																									
a. Initiating document to Board Decision 2	3	3	3	3	3	108	144	170	194	248	229	194	228	266	222	187	189	145	152	145	147	132	131	165	165
b. Judge's Decision to Board Decision	134	120	134	126	123	133	120	170	324	298	273	293	315	395	259	314	266	216	227	241	213	217	193	304	467
5. Filing to Board Decision (2% of all closings)	332	358	396	429	483	484	490	633	658	660	720	769	709	782	736	880	588	509	535	503	586	591	557	658	671
C. ENFORCEMENT IN U.S. COURT OF APPEALS																									
1. Board Decision to Referral for Enforcement	39	37	39	40	38	44	45	42	41	42	54	49	52	53	57	56	48	52	52	60	45	49	38	41	41
2. Referral to filing of petition	34	38	29	29	29	30	53	44	72	19	29	28	29	42	40	60	27	29	29	33	28	37	43	40	40
3. Petition to Courts of Appeals Opinion	292	317	330	331	365	385	390	355	358	314	295	322	299	321	294	319	358	308	308	397	436	369	374	383	383
4. Board Decision to Courts of Appeals Opinion	359	375	390	406	423	498	501	450	454	410	383	437	390	430	399	452	506	392	392	473	524	419	482	476	476
D. FILING TO CLOSING OF ALL ULP CASES	3	3	3	3	3	3	3	3	3	3	3	3	55	55	56	58	60	60	60	64	73	97	116	126	128
II. REPRESENTATION CASES																									
A. INFORMAL AGENCY DISPOSITIONS 1																									
1. Filing to Withdrawal 4	23	24	23	23	21	24	24	25	26	25	27	25	31	24	24	26	27	24	37	24	20	21	19	19	20
2. Filing to Dismissal 4	43	43	42	45	44	46	45	45	48	55	53	71	59	53	48	51	57	52	57	55	55	59	49	41	105
3. Filing to Closing after Agreement for Elections 4	54	57	58	63	63	60	59	63	59	59	59	59	59	59	58	59	61	60	60	60	56	57	55	53	53
4. Filing to Informal Closing 4	48	49	51	56	56	53	52	59	56	57	57	58	56	53	52	55	56	56	57	56	52	52	50	50	49
B. FORMAL AGENCY DISPOSITIONS																									
1. a. Filing to Notice of Hearing	9	10	8	8	8	8	8	9	8	6	8	8	8	8	8	9	8	7	7	7	5	4	2	1	1
b. Notice of Hearing to Close of Hearing	14	14	13	12	12	11	12	13	13	13	13	14	13	14	13	13	14	14	14	14	12	13	13	13	13
c. Filing to Close of Hearing	23	24	21	20	20	19	20	21	21	21	21	22	22	22	22	22	22	22	23	22	18	19	17	16	16
2. a. Hearing to Board Decision	137	138	176	167	170	187	209	313	250	249	190	256	253	233	222	234	247	200	235	236	174	246	246	171	238
b. Filing to Board Decision	238	246	280	275	263	295	215	193	320	301	288	302	314	304	285	314	307	272	266	310	249	267	267	246	275
3. a. Hearing to Regional Director Decision	22	23	22	20	19	19	19	21	20	20	22	22	23	22	23	21	23	21	22	23	21	23	20	20	66
b. Filing to Regional Director Decision	48	49	47	44	41	42	41	35	43	44	44	44	45	45	45	44	45	44	45	45	43	45	40	39	39
C. FILING TO CLOSING OF ALL REPRESENTATION CASES	3	3	3	3	3	3	3	3	3	3	3	3	57	56	55	59	59	58	59	59	55	55	53	51	52

1 From filing of charge or petition to close of case

2 Initiating document includes: ALJ decision, Board notice-to-show-cause, issuance of Brief-due date for Stipulation of facts, Hearing Officer's report on 10(k), issuance of Brief-due date for remanded case.

3 Not available in this format.

4 First 6 months of Fiscal Year only through Fiscal Year 1976. Beginning with Fiscal Year 1977, data are for full years.

* Preliminary as of 02/22/2000

BOARD MEMBERS AND GENERAL COUNSEL

	Appointed	Term Expiration	Current Salary
John C. Truesdale Chairman	12/4/98	8/27/03	$130,200
Sarah M. Fox Member	01/18/96	Recess Appt.	$122,400
Wilma B. Liebman Member	11/13/97	12/16/02	$122,400
Peter J. Hurtgen Member	11/13/97	8/27/01	$122,400
J. Robert Brame III Member	11/13/97	8/27/00	$122,400
Leonard Page General Counsel	11/19/99	Recess Appt.	$122,400

EXHIBITS

These exhibits provide, in concise form, outlines of the types of cases arising under the Labor Management Relations Act and the basic procedures in the processing of these cases within the Agency and the Courts.

A. Explanation of Types of Cases

B. Outline of Representation Procedures Under Section 9(c)

C. Basic Procedures in Cases Involving Charges of Unfair Labor Practice

D. National Labor Relations Board Enforcement Chart

TYPES OF NLRB CASES

1. CHARGES OF UNFAIR LABOR PRACTICES (C CASES)

Charges Against Employer

Section of the Act — CA

8(a)(1) To interfere with, restrain, or coerce employees in exercise of their rights under Section 7 (to join or assist a labor organization or to refrain).

8(a)(2) To dominate or interfere with the formation or administration of a labor organization or contribute financial or other support to it.

8(a)(3) By discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization.

8(a)(4) To discharge or otherwise discriminate against employees because they have given testimony under the Act.

8(a)(5) To refuse to bargain collectively with representatives of its employees

Charges Against Labor Organization

Section of the Act — CB

8(b)(1)(A) To restrain or coerce employees in exercise of their rights under Section 7 (to join or assist a labor organization or to refrain).

8(b)(1)(B) To restrain or coerce an employer in the selection of its representatives for collective bargaining or adjustment of grievances.

8(b)(2) To cause or attempt to cause an employer to discriminate against an employee.

8(b)(3) To refuse to bargain collectively with employer.

8(b)(5) To require of employees the payment of excessive or discriminatory fees for membership.

8(b)(6) To cause or attempt to cause an employer to pay or agree to pay money or other things of value for services which are not performed or not to be performed.

Section of the Act — CC

8(b)(4)(i) To engage in, or induce or encourage any individual employed by any person engaged in commerce or in an industry affecting commerce, to engage in a strike, work stoppage, or boycott, or (ii) to threaten, coerce, or restrain any person engaged in commerce or in an industry affecting commerce,where in either case an object is:

(A) To force or require any employer or self-employed person to join any labor organization or to enter into any agreement prohibited by Section 8 (e)

(B) To force or require any person to cease using, selling, handling, transporting, or otherwise dealing in the products of any other producer, processor, or manufacturer, or to cease doing business with any other person, or force or require any other employer to recognize or bargain with a labor organization as the representative of its employees unless such labor organization has been so certified.

Section of the Act — CD

(C) To force or require any employer to recognize or bargain with a particular labor organization as the representative of its employees if another labor organization has been certified as the representative.

(D) To force or require any employer to assign particular work to employees in a particular labor organization or in a particular trade, craft, or class rather than to employees in another trade, craft, or class, unless such employer is failing to conform to an appropriate Board order or certification.

Section of the Act — CG

8(g) To strike, picket, or otherwise concertedly refuse to work at any health care institution without notifying the institution and the Federal Mediation and Conciliation Service in writing 10 days prior to such action.

Section of the Act — CP

8(b)(7) To picket, cause, or threaten the picketing of any employer where an object is to force or require an employer to recognize or bargain with a labor organization as the representative of its employees, or to force or require the employees of an employer to select such labor organization as their collective-bargaining representative, unless such labor organization is currently certified as the representative of such employees:

(A) where the employer has lawfully recognized any other labor organization and a question concerning representation may not appropriately be raised under Section 9(c).

(B) where within the preceding 12 months a valid election under Section 9(c) has been conducted, or

(C) where picketing has been conducted without a petition under Section 9(c) being filed within a reasonable period of time not to exceed 30 days from the commencement of the picketing, except where the picketing is for the purpose of truthfully advising the public (including consumers) that an employer does not employ members of, or have a contract with, a labor organization, and it does not have an effect of interference with deliveries or services.

Charge Against Labor Organization and Employer

Section of the Act — CE

8(e) To enter into any contract or agreement (any labor organization and any employer) whereby such employer ceases or refrains or agrees to cease or refrain from handling or dealing in any product of any other employer, or to cease doing business with any other person

2. PETITIONS FOR CERTIFICATION OR DECERTIFICATION OF REPRESENTATIVES (R CASES)

By or In Behalf of Employees

Section of the Act — RC

9(c)(1)(A)(i) Alleging that a substantial number of employees wish to be represented for collective bargaining and their employer declines to recognize their representative. *

Section of the Act — RD

9(c)(1)(A)(ii) Alleging that a substantial number of employees assert that the certified or currently recognized bargaining representative is no longer their representative *

By an Employer

Section of the Act — RM

9(c)(1)(B) Alleging that one or more claims for recognition as exclusive bargaining representative have been received by the employer. *

3. OTHER PETITIONS

By or In Behalf of Employees

Section of the Act — UD

9(e)(1) Alleging that employees (30 percent or more of an appropriate unit) wish to rescind an existing union-security agreement.

By a Labor Organization or an Employer

Board Rules — UC

Subpart C Seeking clarification of an existing bargaining unit.

Board Rules — AC

Subpart C Seeking amendment of an outstanding certification of bargaining representative

* If an 8(b)(1) charge has been filed involving the same employer, these statements in RC, RD, and RM petitions are not required

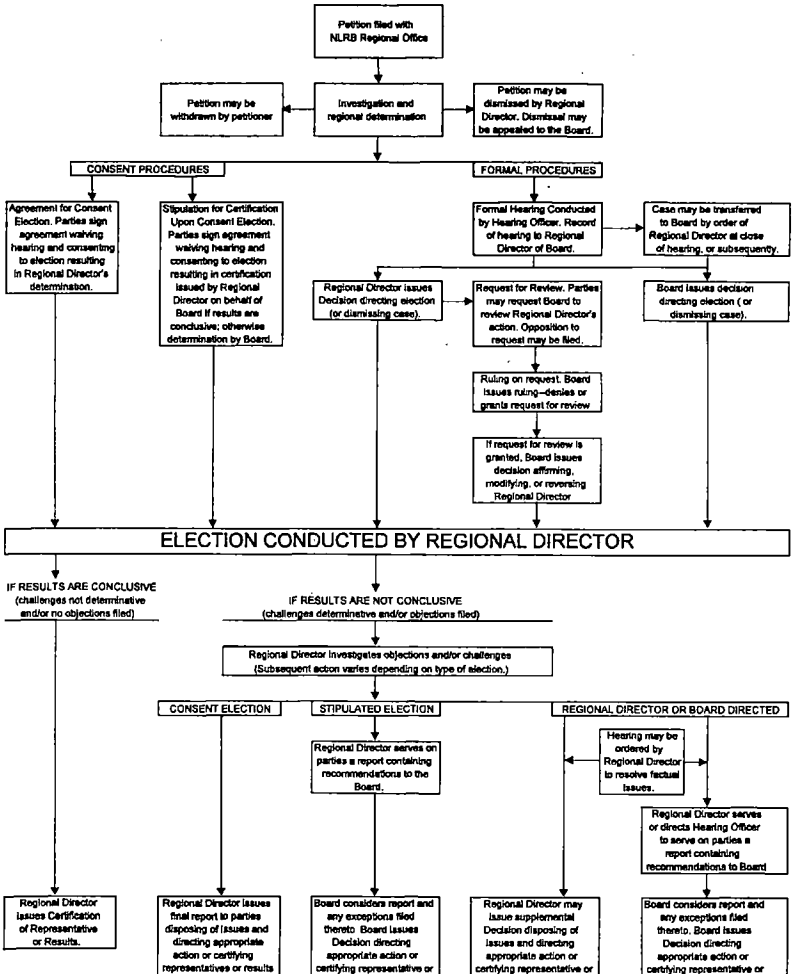
Charges filed with the National Labor Relations Board are letter-coded and numbered. Unfair labor practice charges are classified as "C" cases and petitions for certification or decertification of representatives as "R" cases. This chart indicates the letter codes used for "C" cases and "R" cases, and also presents a summary of each section involved.

Revised 12/78

EXHIBIT A

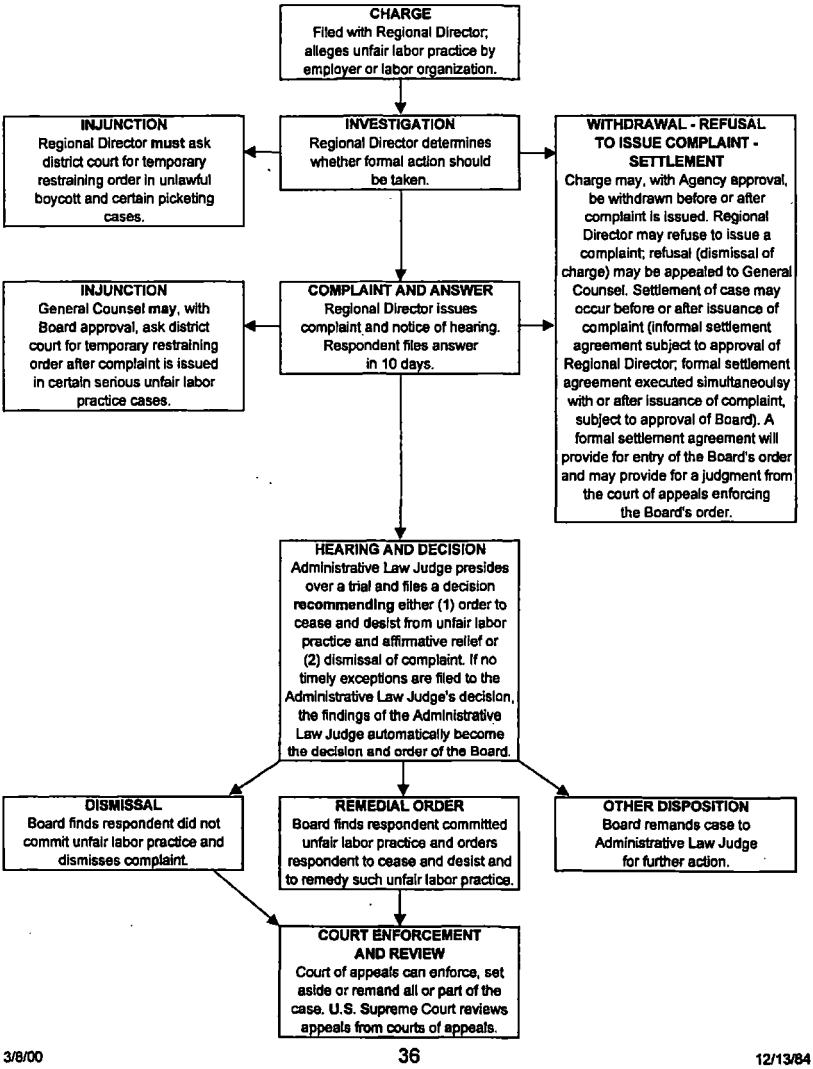
EXHIBIT B

OUTLINE OF REPRESENTATION PROCEDURES UNDER SECTION 9(c)



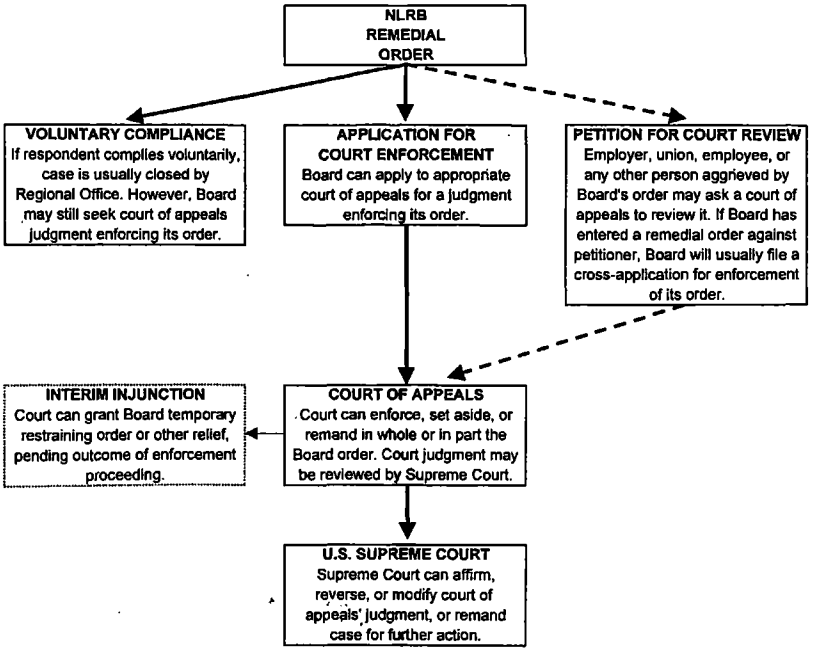
NATIONAL LABOR RELATIONS BOARD EXHIBIT C

BASIC PROCEDURES IN CASES INVOLVING CHARGES OF UNFAIR LABOR PRACTICES



NLRB ORDER ENFORCEMENT CHART

EXHIBIT D



THURSDAY, APRIL 13, 2000.

SOCIAL SECURITY ADMINISTRATION

WITNESS

KENNETH S. APFEL, COMMISSIONER OF SOCIAL SECURITY

INTRODUCTION OF WITNESSES

Mr. PORTER. The subcommittee will come to order. We are continuing our hearings on the independent agencies before the subcommittee with this morning the Social Security agency. We are delighted to welcome Commissioner Kenneth Apfel, and, Mr. Commissioner, you do a marvelous job there. You have done a marvelous job in every assignment you have had in the government, and it has been for us a real pleasure to have worked with you and your people during the time that I have been Chairman and you have been Commissioner. So we are happy to see you today.

OPENING STATEMENT

Mr. APFEL. Thank you, Mr. Chairman. It is an honor to be before the committee and an honor to see my colleague Tony McCann sitting next to you. I also hold him in very high regard, as I do you, Mr. Chairman.

I am pleased to be here today to present the President's fiscal year 2001 appropriation requests for the Social Security Administration (SSA). Accompanying me is Yvette Jackson, Deputy Commissioner for Finance, Assessment, and Management.

This budget is about providing financial security for older Americans and for American families after the death or disability of a wage earner. More than 90 percent of our total FY 2001 budget of $461 billion is permanently appropriated and will be paid in monthly benefit payments to 45 million Social Security beneficiaries.

But our annual budget request is also about providing quality service each and every workday to millions of claimants and beneficiaries. The budget requests before you today cover our program administration costs and our general fund-financed programs.

This year's funding requests are especially vital because we are now preparing for a rapid and unprecedented increase in agency workloads. The baby boomer generation is aging, with many of these 76 million men and women now in their late forties and early fifties. We estimate that new retirement and disability benefit claims will increase by 23 percent over the next 10 years, or roughly double the level of increase in the past decade. SSA is working hard to prepare for these coming challenges.

Let me briefly outline three areas of emphasis in the administrative budget request now before you: efforts to strengthen our stra-

tegic management, ensure program integrity, and continue to make improvements in our solid and reliable public service delivery.

I believe that we can influence the direction of change only if we have a long-term vision of where we want to go. The anticipated workload increases, together with future customer expectations, rapid change in information technology, the retirement wave facing our agency's own workforce, and an era of limited government resources, create a compelling need to develop an organizational "vision" that looks beyond our current 5-year planning horizon. I have, therefore, created a "2010 Vision" initiative that will outline our view of service in the future—what work we will do in 2010, and how we will do it. This 2010 Vision will describe how SSA should respond to trends in our external environment, such as increased information technology. And the 2010 Vision initiative will shape SSA's Strategic Plan, and drive all of our budgeting and performance planning.

The second area that I would bring to your attention is SSA's program integrity efforts. The public rightfully expects us to be vigilant stewards of its tax dollars. SSA understands this obligation. We have a zero tolerance policy toward fraud and abuse. Over the last 4 years we have doubled the investigative staff of our Office of the Inspector General (OIG). The FY 2001 budget supports further anti-fraud efforts by OIG, and by our field offices across the country. We have specific and strong initiatives to prevent overpayments in the Supplemental Security Income (SSI) program, safeguard the integrity of our disability programs, and improve agency debt collection practices. I would point out that about 10,000 workyears are now dedicated to continuing disability reviews (CDRs) and redeterminations of SSI income. This represents about a doubling of staff resources over the past few years.

A third area of emphasis is our efforts to maintain and improve service delivery. For several years, in response to a request from this subcommittee, SSA's annual budget has included specific workload and performance commitments commensurate with the funding levels requested. In FY 1999 we met or exceeded our commitments for 800-number service and for periodic CDRs and SSI redeterminations processed. But, as I indicated in the FY 2000 SSA operating plan, some workload processing goals have now been reduced from levels in the FY 2000 budget plan, including service goals for the 800-number and processing goals for disability claims, hearings, and SSI redeterminations.

The challenge of maintaining service levels and striving to meet expectations in a time of growing workloads is creating very real stresses and strains on our organization. The President's budget request now before you will allow us to ameliorate the situation through several initiatives. For example, the President's budget request will support technological enhancements to maintain telephone service performance at the FY 2000 levels, increase benefits paid through direct deposit, and expand electronic service delivery. As of this month, in fact, our electronic services included an on-line retirement planner that allows individuals to interactively compute estimates of their future Social Security retirement benefits.

The President's administrative budget request for SSA is $7.134 billion. Reductions to this request may lead to lower levels of serv-

ice than are now provided. That service includes answering 57 million calls to our 800-number with a 92 percent 5-minute access rate, completing more than 2 million SSI non-disability eligibility redeterminations, and processing more than 2 million disability claims and holding about 580,000 hearings.

This budget request is fiscally prudent and supports our continuing efforts to provide the best public service possible, by what I honestly consider the most dedicated workforce in government.

Let me also note that, as requested by this Committee, I am providing information on the Commissioner's FY 2001 budget prepared last fall, as required by law. In this budget, I requested $7.356 billion for SSA's FY 2001 LAE account. This requested level of funding would allow for a moderate increase in staffing to handle increased workloads and improve service. And my budget request would intensify our efforts to prepare for the agency's own anticipated retirement wave by bringing on new staff that could be mentored by experienced employees.

Before closing, let me voice my very strong support for the President's $35 million FY 2000 supplemental appropriation request for SSA. This request will fund one-time costs for implementation of the historic legislation signed by the President on April 7 eliminating the retirement earnings test for retirees who are at or above the normal retirement age.

Mr. Chairman, I again want to thank you for this opportunity to present SSA's budget request to this Committee. With your approval, I will submit for the record full written testimony discussing the appropriation request in greater detail, and I will be happy to answer any questions you may have.

But before closing, Mr. Chairman, I wanted to indicate that, as you pointed out, this is probably my last time appearing before you in your role as Chairman of this Committee. I must tell you that the commitment to this agency that we have had from you as Chairman has been very, very strong and has been noticed. Your commitment to push us as you have on Porter commitments, and establishing formal mechanisms to be able to measure our performance and benchmark that performance against what we actually do, has improved the agency and how it works. When I am gone, when you are gone, when your staff is gone, I believe these will be legacies that will be part of our future, and will help us as an agency serve the American public in a much better way. So, I regret seeing you leave as our Chairman and all I can say is it has been a real honor working with you over this time.

Mr. PORTER. Thank you for those very generous comments.

[The information follows:]

HEARING BEFORE THE
COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION AND RELATED AGENCIES

U.S. HOUSE OF REPRESENTATIVES

APRIL 13, 2000

STATEMENT BY KENNETH S. APFEL
COMMISSIONER OF SOCIAL SECURITY

SOCIAL SECURITY ADMINISTRATION
Statement by the Commissioner of Social Security
on
Fiscal Year 2001 Appropriation Requests

Mr. Chairman and members of the Committee, I am pleased to be here today to present the fiscal year (FY) 2001 appropriation requests of the Social Security Administration (SSA). This budget supports SSA's mission: *"To promote the economic security of the nation's people through compassionate and vigilant leadership in shaping and managing America's social security programs."* In FY 2001, we will continue our efforts to safeguard the public's investment in Social Security programs, improve our program management, and provide excellent customer service as we meet the challenges of the 21st century.

The President's FY 2001 budget request for administration of SSA's programs – including $7.134 billion for the Limitation on Administrative Expenses (LAE), $73 million for the Office of the Inspector General, and $30 million for research – will provide the resources for SSA to serve the public in FY 2001 and meet the growing challenges of the new century.

Before focusing on the century ahead, I want to state that the 20th century closed on a high note for us. I am excited to provide the following to you as examples:

- SSA was one of the first Federal agencies to start work on the Y2K problem, and our conversion went smoothly. We worked closely with the Treasury Department, Federal Reserve, and the Postal Service to ensure that Social Security and Supplemental Security Income checks and direct deposit payments for January 2000 and beyond were paid timely and without interruption.

- The turn of the century marked another year in which SSA was recognized for reliable financial reporting. SSA received a "clean" opinion (meaning our financial statements are reliable) from the Inspector General for its FY 1999 financial statements. Only 11 out of 24 major Federal agencies reported on their financial statements by March 1, as required by the Chief Financial Officers Act, and received "clean" opinions on their statements.

- In the two years that Syracuse University's Maxwell School of Citizenship and Public Affairs' multi-year Government Performance Project has been underway, SSA is one of only two Federal agencies to receive an "A" for its management performance. The overall, average grade for the 20 agencies assessed was a "B-."

- As a final example, our customers also think that we are doing a pretty good job. In December 1999, the results of the American Customer Satisfaction Index, which surveyed SSA customers currently receiving retirement benefits, revealed that SSA's customer service was rated one of the highest of participating Federal government agencies and almost 10 points higher than the comparable private sector index.

Overview of SSA's Programs & Overall Budget

I would like to now take a moment to provide you with a brief overview of the programs that SSA administers and the Agency's overall budget. Because virtually all Americans have the benefit protection provided by Social Security's programs and nearly one in five receives benefits, we can say that SSA touches the lives of virtually every American. Social Security provides protection against loss of earnings due to retirement, disability and death. While it is often thought of as a retirement program, Social Security also provides benefits to disabled workers, their families, and to surviving family members of deceased workers. Social Security disability and survivors benefits are a critical source of income for workers and families during a vulnerable time in their lives. And, thanks to the strong, bipartisan effort last year on the *Ticket to Work and Work Incentives Improvement Act of 1999*, disabled beneficiaries who want to work will be able to utilize enhanced return-to-work initiatives that we will continue to implement.

SSA also administers the Supplemental Security Income (SSI) program which is funded not through Social Security taxes, but from general revenues, and provides payments to financially needy individuals who are aged, blind or disabled. A new program, title VIII of the Social Security Act, that authorizes benefit payments for certain World War II veterans, also is funded from general revenues.

For FY 2001, 98 percent of the $461 billion that SSA will outlay will be paid in the form of monthly benefits to 50 million Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), Federal SSI, and Black Lung beneficiaries. The remaining funds will support SSA's ability to deliver services. For example, this funding supports activities such as the following:

- On average, each workday about 100,000 people visit one of our 1,300 field offices and over 240,000 people call our 800-number;
- Each workday we process an average of 20,000 initial claims for retirement, survivors, disability or SSI benefits, and hold 2,400 hearings before Administrative Law Judges; and
- Each year, we make certain that over 250 million earnings items are correctly credited to workers' accounts to ensure that future benefit payments are accurate.

It is important to note that the administrative resources required to make benefit payments and to manage the Social Security programs are part of the appropriation requests that we are asking you to support.

Limitation on Administrative Expenses

It is our LAE account that provides the resources to administer the OASDI programs, the SSI program, certain health insurance functions, and the new title VIII program. It supports our efforts to improve our policy, research and analysis capabilities; eliminate fraud, waste and abuse; and deliver service to all of our customers.

The President's budget request for SSA's LAE account before you today is for $7.134 billion. I can say that reductions from this funding level may lead to lower levels of service. The President's FY 2001 LAE request for $7.134 billion includes:

- $6.684 billion for basic day-to-day operating expenses, including $91 million derived from user fees paid by States for Federal administration of State supplementation of SSI payments; and

- $450 million in discretionary cap-adjusted funding to conduct additional continuing disability reviews (CDRs).

The administrative resources requested in the LAE appropriation will enable SSA to maintain level staffing and:

- Pay benefits to about 50 million people every month;

- Issue 16 million new and replacement Social Security number cards;

- Handle 57 million calls to SSA's 800-number with a 92 percent 5-minute access rate;

- Post 259 million earnings items to workers' earnings records;

- Process 1.7 million periodic CDRs;

- Complete 2.1 million SSI non-disability redeterminations of eligibility;

- Process 3.1 million retirement and survivors claims, 2.1 million initial disability claims, and 582 thousand hearings; and

- Issue 126 million Social Security Statements to covered workers.

I will now highlight some of the issues and initiatives related to SSA's FY 2001 budget request.

Strategic Management and Accountability

SSA is committed both to the concepts of the Government Performance and Results Act and to improving our ability to manage for results on a day-to-day basis at all levels of the organization. SSA has been publishing an Agency Strategic Plan since 1988. Our latest, entitled "*Keeping the Promise*," was SSA's first as an independent agency and was published in September 1997.

SSA issued its most recent Accountability Report in November 1999 to document the results of the Agency's performance in FY 1999. I am proud that both the Strategic Plan and the Accountability Report have been well received by the Congress. At SSA, we continue to respond to the concerns of this Committee, the Congress, our employees, and other stakeholders in communicating the overall direction of the Agency and the specific performance goals by which we will be held accountable. I am pleased to say that SSA's Annual Performance Plan (APP) for FY 2000 received from the General Accounting Office one of the highest scores among Federal agencies last year. SSA's APP for FY 2001 was delivered to Congress earlier this month.

The dawning of the 21 ST century brings with it many new challenges for SSA. Because the baby boom generation is aging, and a large number of people are in their late 40's and 50's, our current estimates indicate that new claims for all types of benefits will increase over the next 10 years by 23 percent, from 6.3 million to 7.8 million, roughly double the level of increase experienced in the 1990's. Our initial retirement claims workload will increase by roughly 21 percent by 2010, and our initial disability claims workload will increase by roughly 25 percent by 2010.

Future customer expectations, rapid change in information technology coupled with the expected workload growth created by the baby boomers, and, simultaneously, a maturing workforce and limited resources, create the compelling need for the Agency to develop a vision that looks beyond our current 5-year planning horizon. We are developing a vision that takes SSA out 10 years. This vision, called the "2010 Vision," will allow us to make better long-term investment decisions and to coordinate strategies and efforts toward long-term service goals. We can influence the direction of change only if we have a long-term vision of where we want to go.

The "2010 Vision" will outline our view of service in the future, what work we will do in 2010, and how we will do it. It will describe how the Agency will respond to trends in our external environment that signal continuing rapid changes in society, particularly in the use of information technology. It will provide enough detail to shape the Agency's strategic plan, and drive our action plans and budgets to move us into the future.

Policy Development and Research

Since becoming an independent agency, we have made significant investments in our policy development and research infrastructure. For example, SSA established a separate Office of Policy, from which to design, coordinate, and effectively undertake research and policy development efforts that respond to the needs of Agency policy makers, the Congress, and the public. One of SSA's five strategic goals is, *"To promote valued, strong and responsive social security programs and conduct effective policy development, research and program evaluation."*

The extramural research budget that we propose for FY 2001 is $30 million (including $7 million in base research funding classified by the Office of Management and Budget as "mandatory under Appropriations Committee jurisdiction" under the Budget Enforcement Act), which will allow us to continue the efforts that we have begun over the past several years. These resources will enable SSA to continue research efforts on long-range solvency issues, the effects of demographic and economic changes on program beneficiaries, and understanding disability program growth and factors that promote self-sufficiency and return to work.

Anti-Fraud Initiatives and Program Integrity

Ensuring the integrity of our programs is an SSA priority. The public rightfully expects us to be vigilant stewards of its tax dollars. SSA is committed to improving the administration of its programs while maintaining a policy of zero tolerance for fraud and abuse.

National Anti-Fraud Committee

The Agency's wide-ranging zero tolerance effort is coordinated through the National Anti-Fraud Committee, which includes SSA senior staff, and is co-chaired by the Deputy Commissioner for Finance, Assessment, and Management and SSA's Inspector General. In addition to developing its own anti-fraud initiatives, the National Committee oversees and supports Regional Anti-Fraud Committees, which were set up to coordinate anti-fraud strategies in each of SSA's 10 regions. The Regional Committees include regional commissioners and other senior SSA and Office of Inspector General staff as well as managers of SSA district offices.

Employees

Perhaps SSA's biggest contributors to our anti-fraud efforts are the employees in our approximately 1,300 field offices, whose commitment to maintaining the integrity of the Social Security program is unswerving. Often, it is field office and Disability Determination Services employees who are able to uncover suspicious or fraudulent schemes. These employees are our biggest assets in our fight against fraud. We will continue to train them in anti-fraud practices and seek additional tools to make their anti-fraud commitment easier and more effective.

Office of the Inspector General

Since becoming an independent agency in March 1995, we have had our own Inspector General whose mission is to protect the integrity of SSA's programs. A strong Office of the Inspector General (OIG), working together with SSA employees in local offices, is the most effective means we have to control fraud and abuse in the programs we administer. To strengthen the OIG's capacity to accomplish its mission, SSA has continued to increase the resources available to the OIG, more than doubling its staff since FY 1996. Our FY 2001 budget request for the OIG includes an increase of more than 10 percent over last year to support increased attention to deterring fraudulent activities and identifying and bringing to justice those who commit fraud, whether members of the public or employees.

Stronger Management of the SSI Program

We take very seriously the responsibility entrusted to us for managing the SSI program, and this budget focuses on several activities designed to improve our stewardship of it. These include: increasing the number of SSI non-disability redeterminations processed and improving payment accuracy through the increased use of computer matches and real-time access to key payment-related information. Fully funding our budget request will enable SSA to process more than 2 million SSI non-disability redeterminations. This will help ensure that those who receive SSI payments are meeting program requirements and are receiving the correct benefit amount. Hundreds of millions of dollars in payment changes are made as a result of the redeterminations we process.

In addition, we are increasing the use and frequency of computer matches with other Federal, State and local entities to detect overpayments earlier. For example, last year SSA began a monthly matching operation to detect nursing home admissions in all 50 States. Previously, these matches occurred on an annual basis, and the database did not contain data for all the States.

While computer matches help us detect inaccurate payments, we also will continue efforts to provide our field offices with real-time access to State databases that include wages, unemployment compensation, vehicle ownership, and other information that will help us prevent overpayments before they occur.

Safeguarding the Integrity of Disability Programs

While committed to providing timely and compassionate service to our customers, SSA is equally committed to ensuring that only those individuals who meet program eligibility requirements come onto the rolls and that only those who continue to be disabled remain on the rolls. In support of that objective, our budget plan calls for processing additional CDRs in order to ensure program integrity, to rebuild public confidence in our programs, and to carry out congressional mandates. We are confident that our CDR strategy will lead to reliable and cost-effective monitoring of the disability rolls.

I want to take this opportunity to thank the Committee for providing additional funds, through an adjustment to discretionary spending caps, for this crucial workload. We are now in our fifth year of a seven-year plan to become current in processing periodic CDRs and have made very good progress towards our goal. In FY 1996, the first year of the plan, we processed approximately .5 million CDRs. As of the end of FY 1999, we have completed roughly 46 percent of our 7-year plan. With our FY 2000 budget commitment of 1.8 million CDRs processed and our FY 2001 budget request supporting the processing of another 1.7 million, we expect to meet the commitment we made to become current by the end of FY 2002.

SSA expects to obligate about $650 million in FY 2001 to process periodic CDRs. This includes $200 million base funding and an additional $450 million in "above the cap" funding. Over the course of our 7-year plan, we expect, on average, to realize lifetime program savings of at least $6 for every $1 in administrative cost.

Debt Collection

We strive to achieve high levels of payment accuracy in order to minimize the amount of program dollars paid incorrectly. However, due to the dynamics of our programs, it is inevitable that some debt will be created. SSA's debt management program currently makes use of many of the debt collection tools available under existing law, and we are in the process of implementing the remainder.

In FY 1999, SSA collected more than $1.8 billion in debt. For FYs 2000 and 2001, SSA is developing two new debt collection tools: Mandatory Cross Program Recovery and Administrative Wage Garnishment. We also plan to develop the use of remaining debt collection authorities authorized by the *Foster Care Independence Act of 1999*, such as extending to the SSI program all of the debt collection authorities currently available for the collection of overpayments under the OASDI program.

Improving Administration of the Disability Programs

Improving administration of our Social Security and SSI disability programs continues to be a priority for this Agency. This budget builds on our efforts to improve disability program administration by continuing to implement changes to the disability adjudication process, supporting our Hearings Process Improvement initiative, and enhancing beneficiaries' opportunity to work.

Improving the Disability Adjudication Process

After testing various process improvements over the past several years and examining the results of the tests, we are prototyping the most successful features of these process changes in 10 State Disability Determination Services. The prototypes will improve the initial disability adjudication process by:

- Providing greater decisional authority to disability examiners and making more effective use of medical consultant expertise;
- Ensuring appropriate development and explanations in initial claims;
- Increasing claimant interaction with the decision maker; and
- Simplifying the appeals process by eliminating the reconsideration step.

By taking this incremental approach, we will be able to assess more effectively the operational effects of these process changes and refine subsequent process improvements before moving to national implementation.

Hearings Process Improvement Initiative

Over the past several years, the Agency has taken steps to improve the quality and timeliness of service provided during the hearing process. In fact, in FY 1999 we reduced the number of hearings pending and decreased the average number of days to receive a decision. However, I recognize that further improvements are needed. Accordingly, in August 1999, I released the Agency's Hearing Process Improvement (HPI) Plan. Its goal is to reduce hearings processing time to less than 200 days in FY 2002, by achieving administrative efficiencies, implementing group-based accountability, and improving our automation and data collection—without additional resources. HPI seeks to make hearings more timely, efficient, and customer-focused. In January 2000, HPI was initiated in 37 hearing offices in States that also were selected to prototype enhancements to the initial disability process.

Appeals Council Process Improvement Plan

The Appeals Council provides the final level of administrative review for claims under the Social Security Act. The Appeals Council is also responsible for overseeing the preparation of the administrative record filed in Federal court proceedings and for initiating further administrative actions as required by those court proceedings. As a result of its burgeoning workloads, processing times at the Appeals Council have reached unacceptably high levels.

We have just released the Appeals Council Process Improvement Plan which focuses on reducing pending workloads and processing times in the near term and developing an operational structure that can continue to deliver high-quality, timely and efficient case processing for the long term. In the meantime, we have redirected resources in FY 2000 to help deal with the Appeals Council backlog, and we have budgeted for a further increase in FY 2001.

Enhancing Beneficiaries' Opportunities to Work

Last year's passage of the *Ticket to Work and Work Incentives Improvement Act of 1999* further supports our efforts to enhance disability beneficiaries' opportunities to work by providing a combination of incentives and supports to individuals who want to work. This budget requests $58 million in administrative funding directed to work incentive activities, including:

- Program management contracts to administer the Ticket to Work and Self-Sufficiency program;
- Establishment of a corps of SSA employment support specialists; and
- Implementation of work incentives planning, assistance and outreach program grants.

SSA is proceeding to implement the legislation this year. The President's budget for FY 2000 included some funding for work incentive activities, but additional costs for implementing the new legislation are being absorbed within the enacted appropriation for FY 2000.

Our Service Delivery Challenge

For several years, in response to a request from this Subcommittee, SSA's annual budget has included specific workload and performance commitments commensurate with the funding levels requested. I am pleased to report that, in FY 1999, we met or exceeded our commitments for 800-number service calls handled and 5-minute access rate, periodic CDRs processed, and SSI redeterminations processed. Although we did not meet all of our ambitious disability and hearings commitments, we were able to reduce hearings pending in FY 1999.

This year has been a particularly challenging one for SSA. In November 1999, the Congress passed an appropriation bill which reduced the President's request for SSA's administrative costs by more than $200 million. I strongly supported the President's veto of that legislation, which would have resulted in large disruptions in service and harm to millions of elderly and disabled Americans who depend on our programs for their support.

I was pleased that part of this reduction was restored, in part by funding some unbudgeted cost increases with unspent money from FY 1999. Still, when all was said and done, we wound up about $75 million short of what was needed to meet our promised service commitments. The FY 2000 Operating Plan, submitted to the Subcommittee in January 2000, updated our FY 2000 performance commitments to reflect the funding level appropriated as well as unbudgeted cost increases. Compared to commitments based on the FY 2000 President's budget funding level, our performance commitments for 800-number calls handled and 5-minute access rate were lowered, as were estimates of disability claims and hearings processed and SSI redeterminations completed.

The budget request before this Subcommittee provides for investment in automation and other efficiencies that will enable us to process more work in FY 2001 than in FY 2000, while maintaining most service levels in the face of growing demands. However, this challenge will create stresses and strains on all parts of the Agency as we strive to meet expectations, while managing for results.

This budget request supports several initiatives, which are key to providing world-class service and helping to shape an agency that works better and costs less. Some examples of these initiatives include:

- Telephone Service: While the Agency has, for years, been considered a leader in high-quality telephone service delivery, increasing demands have made it more and more difficult to maintain that capability. Despite budget resource limitations and expanding service demands, SSA remains committed to taking proactive steps toward responding to customer needs and expectations. This budget will support today's telephone service through technological enhancements that will allow SSA to manage call delivery better and more effectively direct calls to agents with the skills to answer the caller's questions. This budget will maintain telephone performance at the FY 2000 level in terms of the volume of calls handled and the 5-minute access rate.

  In addition, I plan to obtain a better understanding of what the private sector is doing with their telephone services. Specifically, I want to know what standards, other than access rates, private organizations are emphasizing in measuring the quality of the telephone service they provide, and what level of resources they make available for doing so.

- Expand Electronic Service Delivery: A growing number of customers want to conduct government business electronically as they become accustomed to doing commercial business in this way. To provide customer-responsive service, SSA must continue to carefully monitor the ongoing shift in our customers' preferences and prepare to steadily expand service delivery options in response to customer expectations. Recently, SSA added two new online services, an electronic newsletter that provides the latest Social Security information of public interest and a new retirement planner that allows individuals to compute estimates of their future Social Security retirement benefits. SSA will continue efforts to increase the services offered electronically to allow customers to complete their business with SSA at the initial point of contact. Consistent with appropriate privacy/security safeguards, the Agency will add online functionality incrementally. This will enable SSA to improve customer service and realize some savings by increasing access to public information and forms while developing more complex online data collection and processing functions.

- Electronic Payment Services: SSA is continuing efforts to improve benefit payment delivery services by increasing the number of benefits paid by direct deposit. As of January 2000, 78 percent of the OASDI beneficiary population participates in the direct deposit program. SSA will continue to work with the Treasury Department to encourage the use of direct deposit, or a number of alternatives for the remaining beneficiaries who are receiving Social Security and SSI checks. In addition, SSA is working to make Treasury's electronic transfer account web site available in SSA field offices to better serve recipients who inquire about their payment options.

Increasing Public Understanding

One of SSA's basic responsibilities is to ensure that the public is informed about Social Security programs. Last year, we undertook a review of our Social Security Statement and made significant revisions to provide the American public with more simplified and understandable information for use in planning for their retirement needs. In FY 2001, we will send a total of 126 million statements, including one to each covered worker aged 25 and over not currently receiving benefits.

The Commissioner's Budget Request

Pursuant to the Committee's request, I will provide information on the Commissioner's budget for FY 2001, consistent with the Independent Agency statute. In this budget, I requested $7.466 billion for SSA's administrative expenses, including $7.356 billion for the LAE account. This budget funded a moderate increase in staffing for SSA and the State Disability Determination Services (DDS), and creation of a Capital Investment Fund. The staffing increase was for reducing postentitlement backlogs, improving service levels in our field offices, hearing offices, 800-number operations, and in the DDSs; and implementing recent legislation, mainly return to work.

The President's budget is the result of months of negotiations. The President faces constraints that require him to choose among competing priorities to keep the overall Federal budget in balance pending decisions on the future of the nation's Social Security program. It is clear that the President strongly supports SSA and its mission, including the stabilized staffing reflected in his request. The President's budget was arrived at with my support.

Other FY 2001 Appropriation Requests

In addition to LAE, we have four other requests before this Committee: Office of the Inspector General, Supplemental Security Income, Special Benefits for Disabled Coal Miners, and Payments to Social Security Trust Funds. Social Security trust fund benefit payments are permanently appropriated, and therefore are not part of the budget requests before this Committee. I would like to turn now to a brief summary of these other appropriation requests for FY 2001.

Office of the Inspector General (OIG)

$73 million for OIG – These funds will cover OIG's operating expenses, including salaries for its staff and other costs such as rent and supplies. We continue to make significant investments in the OIG as we pursue our goal of zero tolerance for fraud and abuse in SSA programs. Over the period FY 1995 to FY 2000, we have increased full-time permanent staffing at the OIG from 242 to 579, more than doubling its capacity to prevent, identify, prosecute and eliminate waste, fraud and abuse. The request for FY 2001 is an increase of more than 10 percent over last year's level and will enable the OIG to maintain current service levels and expand highly-effective initiatives, including: Cooperative Disability Investigations Teams that investigate and prevent disability fraud; SSN misuse pilot projects focused on investigating allegations of identity theft; and the Fugitive Felon Project created to identify individuals illegally receiving SSI benefits.

Supplemental Security Income (SSI)

$33.2 billion for the SSI Program – The SSI program ensures a minimum monthly level of income to eligible aged, blind, and disabled individuals. An individual's income, resources, and living arrangements are evaluated in computing the actual amount of payment. This request includes almost $30.5 billion for Federal benefit payments to more than 6.4 million aged, blind and disabled beneficiaries; $2.6 billion in payments to reimburse the Social Security trust funds for SSI administrative expenses; $71 million for beneficiary services; and $30 million for research and demonstration projects.

Special Benefits for Disabled Coal Miners

$489.7 million for Special Benefits for Disabled Coal Miners – These funds cover benefit payments and administrative expenses for that portion of the Black Lung program for which SSA is responsible.

Payments to Social Security Trust Funds

$20.4 million for Payments to Social Security Trust Funds – This request will serve to reimburse the Social Security trust funds for the costs of certain benefits and administrative expenses properly charged to Federal funds.

Supplemental Request for FY 2000

Before I conclude, I would like to take this moment to voice my support for the President's $35 million FY 2000 supplemental appropriation request for SSA to fund one-time costs for implementation of the *Senior Citizens' Freedom to Work Act of 2000*. This legislation, signed by the President on April 7, 2000, eliminates Social Security's Retirement Earnings Test for retirees at or above normal retirement age, retroactive to January 1, 2000.

In addition, it is important that supplemental language be enacted, as proposed by the President, to repeal the provision in the "Balanced Budget Act of 1997" (BBA) that calls for the SSI benefit payment for October 2000 to be made on October 2, 2000 (FY 2001). Generally, SSI payments are made on the first of the month, unless that day falls on a Saturday, Sunday or holiday; in which case the payment reverts to the preceding Friday. The BBA altered the regular procedure for this SSI payment in order to delay it from Friday September 29, 2000 (FY 2000) to FY 2001. Restoring the regular SSI payment date for October 2000 would help prevent hardship on vulnerable SSI beneficiaries who may be depending on the regular payment date in order to meet their expenses for food and shelter.

Conclusion

Social Security is the most successful domestic program in the nation's history and arguably the single most effective anti-poverty program ever created. It allows millions of people, who would otherwise suffer economic devastation in old age, to live with dignity. Without Social Security, one-half of today's elderly would be living in poverty. One of the top priorities of the Administration is to continue the fiscal discipline of the past seven years to help preserve and strengthen Social Security for current and future generations.

SSA is considered by the public to be among the most responsive public service agencies in government, and the recent Syracuse University report indicates we are one of the best-managed as well. Critical successes notwithstanding, we recognize both our continuing obligation to be responsible and careful stewards of the programs we administer, and the ongoing challenges in managing for results as we push the organization to get our work accomplished.

The FY 2001 budget – including $7.134 billion for LAE, $73 million for the Inspector General, and $30 million for research – will provide the resources to help respond to these challenges. The increase in our administrative budget request will support level full-time permanent staffing and maintain most service levels in the face of growing demands, as we work to ensure continuing economic security for all Americans, improve program management, and meet the challenges of the 21st century.

Mr. Chairman, SSA's administrative budget is primarily the cost of its employees. Our employees, wherever they are located, need to be reassured that adequate resources are available to them to do their jobs completely. I believe there is no more dedicated workforce than Social Security's.

Thank you for the opportunity to present SSA's budget request to this Committee. I ask you to support this request and I welcome any questions you may have.

SOCIAL SECURITY ADMINISTRATION
Statement by the Commissioner of Social Security
on
Payments to Social Security Trust Funds

The fiscal year (FY) 2001 appropriation request for Payments to Social Security Trust Funds totals $20,400,000 and covers two general fund payments to the Social Security trust funds.

Reimbursement for Pension Reform Administrative Costs

Included in this request is a payment of $6,400,000 in FY 2001 to reimburse the Old-Age and Survivors Insurance (OASI) trust fund for the cost of administering pension reform responsibilities assigned to the Social Security Administration under Public Law 93-406, the Pension Reform Act. The reimbursement is for the cost of furnishing information on deferred vested pension rights to pension plan participants or their survivors.

The request for FY 2001 is higher than FY 2000 to reflect the increased level of effort associated with this workload and the growing volume of reports being received from the Internal Revenue Service. In the event that actual expenses needed to process this workload exceed the amount available for reimbursement through this account in any fiscal year, the trust fund is made whole in the subsequent fiscal year upon enactment of the Payments to Social Security Trust Funds appropriation for that year.

Unnegotiated Checks

Also included in this request is a payment of $14,000,000 in FY 2001 to reimburse the OASI and Disability Insurance (DI) trust funds for the value of interest on benefit checks that remain uncashed after 6 months. This payment is authorized by Section 201(m) of the Social Security Act and Section 152 of the Social Security Amendments of 1983 (P.L. 98-21).

The request for FY 2001 is a decrease of $3,000,000 from the FY 2000 funding level. The reduction reflects the ongoing shift of beneficiaries away from the paper check method of benefit payment to direct deposit. Benefits paid via direct deposit eliminate the possibility of an uncashed check. The request supports the expected level of uncashed check activity and represents the estimated interest for unnegotiated OASDI benefit checks.

Beginning October 1, 1989, Federal government checks, including Social Security checks, are negotiable for only 12 months from their date of issue under the provisions of the Competitive Equality Banking Act of 1987 (P.L. 100-86). The face value of these checks is credited directly to the trust funds from the general funds when the checks are canceled. This account funds interest on the amount of checks that remain uncashed after 6 months, for those checks that are cashed after 6 months, and for those checks that are administratively canceled after 12 months.

Special Payments for Certain Uninsured Persons

The request before this Committee does not include funds to reimburse the OASI trust fund for special benefits paid during FY 1999 to certain uninsured persons aged 72 years and over. The benefits are paid mainly to individuals who attained age 72 before 1968 and did not have a chance to work long enough under Social Security to become insured. No reimbursement is due in FY 2001 because actual benefits paid during FY 1999 were exceeded by the value of returned checks and overpayment collections.

The absence of a FY 2001 request for Special Payments for Certain Uninsured Persons represents a $364,000 decrease from the FY 2000 funding level. The population receiving special payments is a closed group of very aged persons which declines annually. As of September 30, 1999, there were 164 persons receiving benefits under this program, as compared to 269 on September 30, 1998.

Coal Industry Retiree Health Benefits

The request before this Committee also does not include additional funds to reimburse the OASI trust fund for work carried out under Section 19141 of the Energy Policy Act of 1992 (P.L. 102-486) which established the "Coal Industry Retiree Health Benefits Act of 1992" (CIRHBA). CIRHBA requires the Social Security Administration to search earnings records of certain retired coal miners to determine which mine operators are responsible for payment of their health benefit premiums under the law. The Social Security Administration computes the premiums due based on a formula established in the Act, notifies the affected mine operators, processes appeals from operators who believe that assignments have been made incorrectly, and responds to and participates in litigation resulting from these agency determinations. Additional funds are not requested for FY 2001 because the $10,000,000 per year appropriated in FY 1996 and in FY 1997 will remain available until expended to reimburse the OASI trust fund. About $16 million remains unobligated at this time.

SOCIAL SECURITY ADMINISTRATION
Statement by the Commissioner of Social Security
on
Special Benefits for Disabled Coal Miners

The fiscal year (FY) 2001 appropriation request for Special Benefits for Disabled Coal Miners totals $365,748,000 and is financed from general revenues. This request is in addition to the $124,000,000 which Congress provided in the FY 2000 appropriation to fund first quarter FY 2001 benefit payments. This brings the total FY 2001 appropriation to $489,748,000. It includes $484,078,000 for FY 2001 benefit payments and $5,670,000 for administrative costs. The request also contains an advance appropriation of $114,000,000 for the first quarter of FY 2002 to ensure that benefits will continue without interruption into the next fiscal year. It does not include reimbursable work done for the Department of Labor (DOL), which DOL funds in its budget.

Program Authorization

The Black Lung program is authorized by title IV of the Federal Mine Safety and Health Act of 1977, which provides for payment of monthly cash benefits to coal miners who are disabled due to pneumoconiosis (black lung disease), and to certain dependents such as wives and/or children. It also provides monthly cash benefits to widows and certain dependents of coal miners who died from pneumoconiosis.

Responsibility for Administration

Under Part B, SSA processes claims of miners filed from December 30, 1969 through June 30, 1973, and claims of their survivors filed within 6 months after the death of the miner. SSA has responsibility for paying benefits and maintaining the beneficiary rolls for the lifetime of all persons who filed with SSA under Part B.

Claims filed after June 30, 1973 are covered under Part C. As an agent of DOL, SSA has continued to take applications from miners under Part C. However, DOL is responsible for adjudication and payment of these claims and budgets for the benefit payments and administrative costs related to them. Costs incurred by SSA in taking Part C claims are reimbursed by DOL.

In September 1997, SSA negotiated an agreement with DOL whereby DOL handles most of SSA's Part B Black Lung work on a reimbursable basis. Under the agreement, SSA continues to take initial applications for Black Lung benefits (as specified above) and processes any hearings before an administrative law judge. But, DOL handles all other post-application work, including issuance of regular monthly benefit payments and maintenance of the beneficiary rolls.

Explanation of Change

The FY 2001 request for benefit payments is $484,078,000, a decrease of $35,922,000 from the amount in the FY 2000 appropriation. The year-to-year decrease is primarily due to the decline in beneficiary population. The beneficiary rolls for which SSA has responsibility will continue to decline due to deaths of miners and widows or the remarriage of widows. At the midpoint of FY 2001, an estimated 87,000 beneficiaries will be receiving monthly benefits. This is a decrease of 9,000 from the estimated 96,000 beneficiaries that will be receiving payments at the midpoint of FY 2000.

Other factors that contribute to the reduction in new budget authority requested for FY 2001 include: lower average benefit amounts due to fewer average beneficiaries per account; a reduction in retroactive benefit payment amounts; and an increase in the estimated amount of carryover funds available for benefit payments in FY 2001. The reduction in estimated benefit payments is partially offset by the annualized effect of the 3.8 percent January 2000 COLA increase and an estimated COLA of 3.7 percent in January 2001.

The FY 2001 request for administrative expenses is $5,670,000, an increase of about $600,000 over the estimated obligation level for FY 2000. This increase is primarily a result of Federal pay and other cost increases in SSA and DOL. Actual obligations will be based on SSA's costs as determined by SSA's cost accounting system and actual cost accountings provided by DOL's Office of Worker Compensation Programs.

Advance Appropriation

The budget request includes an advance appropriation of $114,000,000 for the first quarter of FY 2002. This request ensures that benefit payments will continue without interruption into the next fiscal year.

SOCIAL SECURITY ADMINISTRATION
Statement by the Commissioner of Social Security
on
Supplemental Security Income

The Supplemental Security Income (SSI) appropriation provides funds for direct cash assistance to eligible aged, blind and disabled recipients to help finance their basic needs. The appropriation request for fiscal year (FY) 2001 is $23,263,000,000 in addition to the $9,890,000,000 appropriated for the first quarter of FY 2001 in the FY 2000 appropriation, bringing the total to $33,153,000,000. This includes $30,483,000,000 for Federal benefits to aged, blind and disabled beneficiaries, $2,569,000,000 for payment to the trust funds, $71,000,000 for beneficiary services, and $30,000,000 for research and demonstration projects.

We are also requesting an advance appropriation of $10,470,000,000 for the first quarter of FY 2002 to ensure that benefits will continue without interruption into the next fiscal year.

Federal Benefit Payments

The SSI program ensures a minimum monthly level of income to eligible aged, blind and disabled individuals. An individual's income, resources and living arrangements are evaluated to compute the actual amount of SSI payment which is then paid on a monthly basis. The average number of Federal SSI beneficiaries is expected to increase from 6,368,000 in FY 2000 to 6,441,000 in FY 2001, about 1.1 percent.

The FY 2001 request for new budget authority for Federal benefit payments is $30.483 billion, which is $1.294 billion more than the current FY 2000 estimate of $29.189 billion. Benefit payments are expected to increase in FY 2001 due to the 2.4 percent cost-of-living adjustment (COLA) which was effective January 2000 and an estimated 2.5 percent COLA effective January 2001. The increases will be partially offset by the corresponding rise in Social Security benefits which are counted as income for SSI recipients.

SSA expects to use unobligated funds carried over from FY 1999, as well as $367 million from the indefinite authority in the current appropriation, to fund SSI benefit payments in FY 2000.

Beneficiary Services

This activity provides funds for reimbursement to vocational rehabilitation (VR) agencies for rehabilitation services provided to SSI beneficiaries. The FY 2001 request includes a total of $71 million for this activity, an increase of $7 million from FY 2000.

On March 15, 1994, SSA published a VR regulation permitting direct reimbursement of alternate public and private providers to provide VR services. To make VR services more readily available to a larger number of people with disabilities, the regulation ("Payment for VR Services") allows SSA to use an alternate public or private sector provider if a State VR agency has not accepted an SSA-referred beneficiary for services or extended evaluation.

Alternate provider recruitment, training and support, along with other initiatives, are expected to help achieve a greater number of rehabilitation and employment successes. So far, SSA has

signed contracts with over 400 alternate VR providers. The Agency is identifying beneficiaries who will be involved in the new VR process. VR claims from alternate participants began to arrive in FY 1999.

On December 17, 1999, the "Ticket to Work and Work Incentives Improvement Act of 1999" (P.L. 106-170) was enacted. The new law will provide SSI disabled recipients more flexibility in obtaining "return to work" services by providing them with a ticket to offer an employment network of their choice in exchange for vocational rehabilitation and employment services, and other support services.

The implementation of the Ticket will occur over three years beginning in the second quarter of 2001. In the first year of implementation about ten States will participate; additional States will be added in 2002, and full implementation will occur in 2003.

Payment to the Trust Funds

The SSI and Social Security programs are administered on an integrated basis for purposes of economy and efficiency. The Social Security Act authorizes payment for SSI administrative expenses from the Social Security trust funds, through the Limitation on Administrative Expenses (LAE) account, with reimbursement from general funds through this appropriation. The FY 2001 request for this reimbursement is for $2,569,000,000. This amount will reimburse the trust funds for current-year SSI administrative expenses as well as for prior-year administrative expenses that were higher than the reimbursement amounts previously appropriated. In the event that actual SSI administrative expenses exceed the amount available for reimbursement through this account in any fiscal year, the trust funds are made whole in the subsequent fiscal year upon enactment of the SSI appropriation for that year.
These amounts exclude funding made available in the LAE account from State user fees related to SSA administration of State SSI supplementation payments. The LAE account assumes funding of $91,000,000 from this source in FY 2001.

Research and Demonstration Projects

Section 1110 and Section 1115 of the Social Security Act provide funding authority, including waiver authority for the SSI program where appropriate, for research and demonstration projects. Authority is provided for conducting both broad-based cross-programmatic projects in the Social Security and SSI programs and projects dealing with specific SSI program issues.

The major focus of SSA's $30 million FY 2001 extramural research funding request is to support continuation of current research initiatives, including projects dealing with disability program growth, disability return to work issues, and retirement policy research. Some of the major research efforts are as follows:

National Study of Health and Activity -- The National Study of Health and Activity (formerly the Disability Evaluation Study) is a multi-year study to help SSA understand the factors generating disability program growth, determine the potential disability population, identify what people with disabilities need to remain active in the workforce, and develop methodologies and instrumentation for using self-reported information to assess potential disability eligibility in the future. A nine-month pilot study began in FY 2000. In FY 2001, the main nationwide study will begin, to continue for 12 months, on a sample of 5,500 people including current beneficiaries,

disabled non-beneficiaries who likely are eligible for benefits, beneficiaries and non-beneficiaries who are less severely impaired or borderline cases, and non-beneficiaries with minor or no disabilities. A final report is expected in September 2002.

State Partnership Initiative -- Through a set of cooperative agreements begun in FY 1998, the State Partnership Initiative seeks to assist States in developing an integrated service delivery system that will increase the employment of individuals with disabilities who receive Social Security disability benefits or SSI. SSA awarded cooperative agreements to 12 States in September 1998, with plans to continue operations through FY 2003.

Retirement Research -- The Social Security program faces long-range financing questions, and a number of solvency proposals have been developed by the President, Members of Congress, and others. Proposed changes range from modifications in the current system to shifts toward a privatized retirement system. To assess the effects of various reform proposals, SSA has placed a high priority on the development and use of micro-simulation models. The models estimate the consequences of a change in the program on the economic status of beneficiaries, with particular focus on economically vulnerable subgroups.

Another major effort to address retirement policy issues is the Retirement Research Consortium (RRC). The RRC consists of two multi-disciplinary centers that are conducting research on numerous retirement program issues, disseminating information, training new scholars, and facilitating the use of administrative data. The RRC is an important part of SSA's efforts to provide national leadership on retirement policy issues. The RRC is expected to continue in operation through FY 2003.

SSI Research -- One significant SSI recipient group is children with disabilities, who now account for about 14 percent of SSI recipients. As part of my commitment to a top-to-bottom review of the SSI program for children, a special survey will evaluate the effect of the 1996 welfare reform law on SSI children and their families. This survey will provide information on programs and services that would be most useful for the young disabled population to improve their quality of life and to support them as they move into adulthood, and, hopefully, transition into the workforce. The survey data are expected to become available in 2002.

Advance Appropriation

The budget request includes an advance appropriation of $10.47 billion for the first quarter of FY 2002. This request, which includes funds to pay 4 months of benefits in the first quarter of FY 2002, ensures that benefit payments will continue without interruption into the next fiscal year. Since January 1, 2002 is a legal public holiday, the benefit checks will be paid in December 2001 under section 708(a) of the Social Security Act.

SOCIAL SECURITY ADMINISTRATION
Statement by the Commissioner of Social Security
on
Limitation on Administrative Expenses

The Administration's fiscal year (FY) 2001 request for the Limitation on Administrative Expenses (LAE) account is $7,134,000,000. This amount is only 1.6 percent of the Agency's total program outlays. Included in this LAE request is funding for SSA's current operations and for conducting additional continuing disability reviews (CDRs), as well as funding derived from user fees.

The LAE request provides resources for current operating expenses of both trust fund and some non-trust fund programs. These expenses include the administration of the Old-Age and Survivors Insurance (OASI) program, the Disability Insurance (DI) program, the Supplemental Security Income (SSI) program, and certain health insurance functions.

In addition, LAE also now provides resources for administration of a new program, title VIII of the Social Security Act, authorized by the Foster Care Independence Act of 1999 (P.L. 106-169). Title VIII authorizes benefit payments to certain individuals who served in the United States military in World War II and who meet SSI eligibility criteria and chose to no longer reside in the United States. The Social Security Act authorizes payment of SSI, title VIII, and certain other non-trust fund administrative expenses from the LAE account with full reimbursement from general funds.

The President's LAE request of $7.134 billion is an increase of $352 million (5 percent) from FY 2000 budgetary resources of $6.782 billion. This amount includes funds available from FY 1999 for base operations and CDR expenses. The FY 2001 appropriation request supports SSA's drive for efficiencies and program management improvements. The year-to-year increase is related primarily to:

- Mandatory SSA and State Disability Determination Services (DDS) cost increases associated with higher costs for Federal and State employee salaries;
- Other objects cost increases for categories such as rent, postage, guard services, and return-to-work legislation; and
- Information technology systems costs for maintaining and enhancing automation and telecommunication services.

The $7.134 billion request for new budget authority in FY 2001 is $562 million higher than the FY 2000 appropriation amount, excluding $210 million carried over from FY 1999 to meet SSA's administrative expenses in FY 2000. The carryover includes:

- $100 million redirected from the Automation Investment Fund;
- $90 million in unobligated FY 1999 funds made available through FY 2000 appropriation language; and
- $20 million from 2-year CDR money.

Salaries and Operating Expenses

The LAE budget request includes $5.350 billion for salaries and operating expenses. The budget request for Federal salaries and expenses is driven primarily by the cost associated with supporting the staffing levels needed to process projected workloads. SSA relies on a mix of full-time equivalents (FTEs) and overtime to achieve its total workyears, and the budget will allow SSA to maintain level staffing. In addition to the 62,256 FTEs which will be funded from this account, SSA plans to reduce overtime to about 500 workyears in FY 2001.

State Disability Determination Services

The LAE budget request includes $1.483 billion for current operating expenses for the State DDSs. Due to the net effect of pay raises and higher costs for medical evidence, partially offset by a reduction in workyears, this request represents an increase of about $24 million in FY 2001.

SSA estimates that over 2 million initial disability claims will be processed by the DDS in FY 2001, an increase of about 82,000 over FY 2000. The FY 2001 budget promotes a more equitable and responsive disability claims process by continuing the disability redesign prototypes established in 10 states in FY 2000. In addition, SSA will continue its focus on program integrity by performing periodic continuing disability reviews (CDRs).

Information Technology Systems

The LAE budget request includes $301 million for Information Technology Systems (ITS) in FY 2001, an increase of $47 million from the FY 2000 appropriation. The ITS budget provides for the acquisition and maintenance of automated data processing and telecommunications hardware and software, as well as related contractual services. These funds will support a number of automation projects that directly support SSA's key initiatives as well as provide for ongoing operations and maintenance activities at current levels of service.

Continuing Disability Reviews

CDRs are the most effective mechanism SSA has for determining whether DI and SSI disability beneficiaries have medically improved and no longer meet the statutory definition of disability. SSA is nearing the end of its 7-year plan for eliminating the backlog of CDRs that built up prior to FY 1996. The FY 2001 LAE budget request of $7.134 billion includes $650 million to keep the plan on schedule ($450 million is an adjustment to the discretionary spending caps). With this funding, the Agency will conduct over 1.7 million periodic CDRs to verify that individuals receiving disability benefits continue to remain eligible. Over the life of the 7-year plan, SSA expects, on average, to realize program savings of at least $6 for every $1 in administrative cost. Performing these CDRs helps not only to ensure the integrity of the DI and SSI programs, but also to increase public confidence in the programs SSA administers.

User Fees

The LAE request for FY 2001 includes $91 million, an $11 million increase from the FY 2000 appropriation, in funding from the user fee paid by States for Federal administration of SSI State supplementation payments. The funds derived from the user fee help cover the costs of administering State supplementation payments.

Conclusion

This budget request for the LAE account of $7.134 billion provides the administrative funding necessary to enable SSA to continue providing monthly benefit payments and related services to about 50 million people, while meeting the major challenges which lie before the Agency by:

- Addressing the future of Social Security;
- Protecting and safeguarding the public's investment; and
- Promoting valued, strong, and responsive Social Security programs.

SOCIAL SECURITY ADMINISTRATION
Statement by the Commissioner of Social Security
on
Office of the Inspector General

As part of the Social Security Independence and Program Improvements Act of 1994, SSA was provided with its own statutory Inspector General. The fiscal year (FY) 2001 appropriation request for the Office of the Inspector General (OIG) totals $73,000,000. This includes $17,000,000 to be appropriated from general funds and $56,000,000 to be transferred from the Social Security trust funds.

As mandated by the Inspector General Act of 1978, as amended, the OIG's mission is to protect the integrity of SSA's programs. The OIG is directly responsible for promoting economy, efficiency and effectiveness in SSA programs and detecting and preventing fraud, waste and abuse. This mission is carried out through a nationwide network of audits and investigations. In conducting audits and investigations, the Inspector General works closely with both the Congress and SSA to improve program management.

Budget Request

OIG's FY 2001 budget request provides funds for the current operating expenses of its programs which includes:

- $59 million for salaries and benefits, including pay raises; and
- $14 million for other operating expenses such as rent, travel, service agreements, investigative equipment, and supplies.

This request is a $7.2 million (11 percent) increase above the FY 2000 appropriation and includes:

- $3.3 million to cover mandatory salary and benefit expenses and costs associated with new staff hired in FY 2000;
- $3.3 million to cover the costs of other mandatory payroll increases including Federal pay raises, within-grade increases, benefit rate increases for health benefits, and higher costs for new employees hired under FERS; and
- $0.6 million in other non-salary costs reflecting increases in travel for field investigations and law enforcement training, plus higher costs of space, telecommunication services, and contractor services.

The budget request is driven primarily by costs (including salaries, benefits, rent and core services) associated with supporting the staffing levels needed to conduct audits and investigations. The FY 2001 request includes 584 full-time equivalents (FTE), an increase of 48 FTE over FY 2000. This FTE increase represents the annualized effect of staffing increases in FY 2000. No staffing increases are planned for FY 2001.

Conclusion

In support of SSA's goal of zero tolerance for fraud and increasing program integrity, OIG plans to expand and focus its resources on the following initiatives:

- Cooperative Disability Investigations (CDI) Teams;
- Fugitive Felon Project;
- Social Security Number (SSN) Misuse and Identity Theft;
- Systems Controls and Security Efforts;
- Expansion of Civil Monetary Penalty (CMP) Program;
- Government Performance and Results Act (GPRA) Performance Monitoring; and
- Financial Management Improvement Recommendations.

FY 2001 will bring new challenges and opportunities to the OIG. This budget request for $73,000,000 provides the funding to enable OIG to carry out its stated mission and supports SSA's "zero tolerance for fraud" initiative.

Kenneth S. Apfel
Commissioner of Social Security



Kenneth S. Apfel was nominated on May 23, 1997 by President Clinton and confirmed by the Senate on September 19, 1997 as the Commissioner of the United States Social Security Administration (SSA). Mr. Apfel has the honor of becoming the first confirmed Commissioner of Social Security since it became an independent agency in April of 1995. He brings a lifetime of leadership and public service experience to a position that has been frequently described as one of the most complex and challenging in the federal government. He heads an agency that delivers benefits each month to more than fifty million people. He is responsible for the actions of approximately 65,000 employees who, among other responsibilities, serve the needs of twenty-six million visitors each year to SSA's 1,300 field offices and answer almost sixty-four million phone calls annually on the agency's toll-free telephone lines.

Kenneth S. Apfel came to SSA from the Office of Management and Budget (OMB) in the Executive Office of the President where he served since 1995 as the Associate Director for Human Resources. His responsibilities included budget, policy and management review of all the human resource agencies of the Federal government, including the SSA, the Departments of Labor and Education and parts of the Departments of Agriculture and Health and Human Services.

Prior to his appointment at OMB, Mr. Apfel served as Assistant Secretary for Management and Budget at the U.S. Department of Health and Human Services (HHS). He was nominated by President Clinton in March 1993 and was subsequently confirmed by the U.S. Senate. In this capacity, Mr. Apfel served as the senior budget official and chief financial officer for HHS. He formulated and executed the third largest budget in the world -- a $700 billion budget for a department staffed nationwide by 125,000 people, with half of HHS' resources in support of SSA. During his tenure, Mr. Apfel served as a principal on the Secretary's task force to elevate SSA to independent agency status.

Before joining the Clinton Administration, Mr. Apfel worked for two decades in

the area of social policy. From 1989-1993, he served as legislative director to Senator Bill Bradley, overseeing the formulation and development of all aspects of congressional policy making. During 1982-1989, he was the Senator's chief staff person for Federal social policy, with a particular focus on programs under the jurisdiction of the Senate Finance Committee. He served as the Senator's key staff person for the Committee's actions on the historic 1983 Social Security reform legislation.

Between 1980 -1982, Mr. Apfel was committee staff for human resource programs for the U. S. Senate Budget Committee. From 1978-1980, he served a Presidential Management Internship at the U. S. Department of Labor. He was a college administrator from 1973-1976 at Newbury College in Massachusetts, coordinating a grant from the Department of Health, Education, and Welfare to provide outreach and remediation to veterans.

Kenneth S. Apfel was born in Worcester, Massachusetts, October 12, 1948. He received his bachelor's degree from the University of Massachusetts, Amherst, 1970; a master's in rehabilitation counseling, Northeastern University, 1973; and a master's degree in public affairs from the LBJ School of Public Affairs, University of Texas, 1978.

Mr. Apfel is married to Caroline Hadley and has two sons, Derek and Dana.

Deputy Commissioner for Finance, Assessment and Management

Deputy Commissioner Bio



Yvette S. Jackson

Deputy Commissioner for Finance, Assessment and Management

On May 5, 1998, Yvette S. Jackson was named to the position of Deputy Commissioner for Finance, Assessment and Management at the Social Security Administration (SSA). Ms. Jackson is responsible for providing executive leadership and direction in administering a comprehensive financial program of budget policy, formulation and execution; the Agency's acquisition and grants program; audit resolution and liaison; accounting policy and operations; the internal controls program; program quality assessment activities; and Agencywide facilities and publications management programs. Ms. Jackson also serves as SSA's Chief Financial Officer, Deputy Chief Information Officer and Principal Deputy Ethics Counselor. She also co-chairs, along with the Agency's Inspector General, SSA's National Anti-Fraud Committee.

Prior to joining SSA, Ms. Jackson was the Administrator of the Food and Nutrition Service in the U.S. Department of Agriculture (USDA). She was the first African-American woman appointed to the position. As Administrator, she oversaw USDA's 15 nutrition assistance programs and managed an Agency budget of $40 billion and a staff of 1,700.

From December 1994 to September 1997, she served as Deputy Administrator in the Food and Consumer Service at USDA. As the Food Stamp Deputy Administrator, she was responsible for the Administration of the Nation's largest food assistance program serving over 22 million individuals

with benefits exceeding $22.4 billion annually.

In 1971, Ms. Jackson began her professional career with the Pennsylvania Department of Public Welfare as a caseworker in the Philadelphia County Assistance Office. During her tenure with the Pennsylvania Department of Public Welfare, she assumed increasing levels of management responsibility, culminating in her appointment as Deputy Secretary for Income Maintenance in March 1991. As Deputy Secretary, she assumed responsibility for the administration of Pennsylvania's income security and medical assistance eligibility programs. These included the Food Stamp Program, Aid to Families with Dependent Children, Child Support Enforcement and Medicaid Eligibility.

A native of Philadelphia, Pennsylvania, Ms. Jackson holds a bachelor's degree in social welfare from Temple University in Philadelphia, and a Master's of Social Work from Rutgers University in New Brunswick, New Jersey.

Mr. PORTER. I am going to have to call a recess for this vote. Hopefully I will bring back some other members of the subcommittee with me, and we will have some very tough questions for you. Stand in recess briefly.

[Recess.]

RETIREMENT BENEFITS

Mr. PORTER. The subcommittee will come to order.

Mr. Commissioner, we get the National Institutes of Health here, and the Directors all come to testify, and I get to get free medical advice from them, but now I am about to turn 65, and it just occurred to me that since we have passed this repeal of the offset for earnings after 65 and before 70, that I might be able to be able to draw Social Security beginning in a few weeks. Is that true?

Mr. APFEL. That is true. You could start whenever you wanted to at age 65, if you wanted to.

Mr. PORTER. Something is wrong with this. What am I supposed to do a few months prior to reaching 65, notify the nearest Social Security office that I am about to reach that pinnacle?

Mr. APFEL. You will also be getting a letter from SSA indicating there have been changes to the retirement earnings test and to call us if you want to claim benefits. And you can also get an assessment as to what your benefits would be now, starting at age 65. Your work will not reduce your Social Security benefit.

Now, given your years of Federal service, there is an offset for part of your Social Security because of the civil service pension that you have accrued and that you will start collecting when you retire. So that will have to be taken into account to determine exactly what the right dollar amount is.

Mr. PORTER. But there is no offset while I am still working and not drawing a pension.

Mr. APFEL. That is correct, there is no offset while you are still working. To help clarify this, if you decided, Mr. Chairman, not to claim benefits until you were, say, 70, your Social Security benefit would be a lot larger than it would be if you started before age 70. This is called the delayed retirement credit. If you don't collect benefits early, you, at your age, would receive about a 6 percent increase each year that you delay your retirement benefits until age 70. For many people that is still a good enough reason not to claim benefits early, and it really depends on every person's individual circumstances. The delayed retirement credit will be going up from 6 percent a year within the next roughly decade to 8 percent a year. At that point in time, unless someone expects a fairly short life expectancy, receiving the delayed benefit may very well be to their best advantage.

I can't comment about whether you should in your own personal circumstance, claim benefits starting at age 65. But, you can get that information from any local SSA office and determine what your civil service and Social Security benefits will be. Both will continue, if you want to collect both, if you continue to work after age 65.

Mr. PORTER. Sounds to me like I shouldn't. At least if I have some kind of life expectancy, it sounds like—you are telling me it would be 30 percent higher if I waited until age 70, or roughly.

Mr. APFEL. I would not in a public hearing give you that kind of public advice, but we could talk about it right afterwards if you wanted.

Mr. PORTER. We have one of your offices right here in the building, and they tell us anything we need to know. They are very good at that. I thought I would ask.

Mr. APFEL. I am very pleased to hear they are very good at responding to your questions. We try to do that all around the country.

MEASURING PERFORMANCE

Mr. PORTER. Mr. Commissioner, again, you have focused in your testimony upon performance measures and your willingness to work with the subcommittee to help fashion them, and I know that the goals are often difficult for the agency to reach. Yet over the years technology and changes in business practices may have made some of the standards we set several years ago outdated. For example, one of the standards for 800-number service is percentage of callers who successfully access the 800-number within 5 minutes of their first call. In this day and age, I would think that time to access the 800-number would be measured in maybe seconds rather than minutes. Have you done anything—for each of these standards—telephone waiting time, on-time appointments, disability claim processing and so on. Do you have a specific company or organization that is world class and uses these standards, what is world-class for these functions today? Have you measured that?

Mr. APFEL. There is a series of different performance measures that you have indicated. There is no one single standard for disability processing or even for 800-number service, but there are a number of private sector entities that have different standards, and we have had conversations with a number of them. Indeed, this summer we are holding a conference with the private sector to discuss how we have measured our customer input and how we could improve those measures using some private sector examples. This is one of our steps to try to improve how we measure customer service.

How do we determine these world-class standards? Part of it is really directly related to the Porter commitments. We receive customer input, but it has to be balanced against our resources to be able to assess what is practicable to establish as a standard. Over time, we look internally within the organization. We have improved our standards over time. If we look at the hearings process improvement plan we have tried to improve processing times of appeals in disability claims, and we are also looking at the 800-number as well as other areas to improve.

I point out the 800-number because I think it is a very telling example of what is good quality service. When we were surveyed by Dalbar a number of years ago, we were rated as one of the very best in the world at that point in time. It wasn't just access that they looked at. They also looked at quality of information. We didn't rate as highly on access as we did on what we did when people got through. We were very, very good about the quality of product that we provided when an individual got through. So our access was somewhat lower. It has improved considerably since the time

of the Dalbar study on access. But you also have to be able to measure what happens when someone gets through.

Let me give you three numbers which I think are important. An individual calls our 800-number and gets through, and we handle that individual in that first call. We complete their business. Satisfaction rates are 98 percent. If somebody can't get through to our 800-number and, once they do, we can't handle their concern on that call, their satisfaction rates are 47 percent. Now, here's the third number. If someone has trouble getting through but, finally does get through, and we handle their problem in that very first call, their satisfaction rates are 85 percent. So, clearly just focusing on the length of time would be a mistake, and having all of our emphasis on reducing or improving the 95 and 5 or improving busy rates is one variable, but it needs to be only one variable.

It is very clear that the public, from our surveys, wants to know how quickly it can access us. But once you get in, can we deliver? By and large we do, but we need to measure all of those things so that we can provide a very high-quality product to the public.

Mr. PORTER. I don't see them as alternatives. You want to do both because 98 percent is pretty darn terrific.

PEW SURVEY

Mr. APFEL. It is remarkable. Today in the paper was a new Pew survey that just came out on customer satisfaction. I looked at it thinking, okay, I am going to have a hearing before Mr. Porter today. I better read this article very carefully. And it is pretty clear that the Pew survey showed some very solid numbers: for our beneficiaries about an 82 percent customer satisfaction standard; for the payroll offices, the businesses that deal with us, 77 percent satisfaction; less with the tax-paying public, 57 percent. Now, they have less contact with us, but really we need to think about that. Our customers aren't just our beneficiaries. Our customers aren't just the payroll offices that are providing receipts for the system. It is also the American public, the tax-paying public. They are our customers as well.

This is one of the reasons why our Social Security Statement, I think, is so important for the American public. We are mailing 125 million this year to say here is what Social Security is, here is roughly what you are going to get out of the system, and here are the challenges that it faces. We've received a very positive response. What we have got to do is build up customer satisfaction. Our customers are not only the payroll offices. They are not only the beneficiaries, but it is also the tax-paying public. So we have got to do all three of those, and they all looked pretty good in that survey today.

Mr. PORTER. I like the way you think. I think you are exactly right.

Ms. DeLauro.

TAKING ADMINISTRATIVE BUDGET OUTSIDE THE CAPS AND OFF-BUDGET

Ms. DELAURO. Thank you very much, Mr. Chairman.

Mr. Commissioner, thank you. Good to see you this morning. Sorry I was late.

There has been some discussion lately of taking the Social Security administrative expenses outside of the caps and off-budget. Let me just get your sense of that, what you think about that, and how would you see something like that working?

Mr. APFEL. Ms. DeLauro, there are a couple of different issues here. One is whether Social Security administrative costs are considered on-budget or off-budget. The second issue is whether they are inside or outside of the caps.

Now, the new budget resolutions call administrative expenses that are directly related to Social Security, off-budget. I think this is a good change. The Administration supports it.

The second issue is whether the administrative costs should be outside of the caps that you deal with on a yearly basis. The Administration has not taken a position formally for or against this, but, I can tell you as Commissioner, I support the notion of taking Social Security administrative costs outside of the caps. I think the pressures that we are under are going to be very, very real in the future. At least half of our financing comes through the payroll tax, and I believe that we are going to be under pressure as future waves of retirees come in. Taking SSA's administrative costs outside the caps will provide both relief to this Committee—the committee would still be responsible for determining our funding level—but if SSA were outside of the caps, it would relieve some of the pressures for us in terms of providing quality service to the American public. So I personally support the notion of taking SSA outside of the caps.

ACCOUNTABILITY FOR FUNDING OUTSIDE THE CAPS

Ms. DELAURO. What do you do with that in terms of—is that then emergency spending? What is the methodology of accountability?

Mr. APFEL. The accountability, I believe, would still come through the Appropriations Committee to determine on an annual basis what our administrative costs should be. Being outside of the cap would enable the Committee to take a more clear picture of that. Given the fact that half of SSA's administrative resources are coming from the payroll tax to fund our organization, it seems to be legitimate. There is an analogy here to some extent to HCFA and to the unemployment insurance areas as well.

Again, I want to reiterate for the record, the administration has taken no position here, but I must say as Commissioner I support the idea because we are under enormous funding restraints. We lost some resources again last year in the budget. We face enormous challenges in the future. And it is very hard to compete against the Head Start program and NIH, as we do currently.

IMPACT OF PROPOSED SOCIAL SECURITY PROGRAM CHANGES ON WOMEN

Ms. DELAURO. My concern is how do you build in the monitoring or accountability if it is just then—we just—it doesn't fall into any structure. But you made your point about the Appropriations Committee and where then one can have some ability to say things or—this is meeting the goal or we are looking at exploding costs, and then no way to deal with that. But thank you for your comments.

Let me just say it this way. Have you conducted an analysis of the impact that proposed changes to the Social Security System could have on women? And if you can discuss briefly the implications and then give us a more detailed analysis for the record.

The reason why I ask this is I find I spend a lot of time just, you know, in the district, the way other Members do, in talking to all kinds of groups. I just find that there is a real lack of understanding in the public about women and Social Security and what changes to Social Security can mean for women. And I do the best I can in trying to get around and talk about these things, but I think we need to engage in a public education on the issue, especially when you are dealing with pay inequity for women and what that translates to in later years with regard to Social Security and with regard to pensions and everything else, and how, in fact, while there might be difficulties at the moment, and I have been in groups with younger women, older women who complain about it, but they have no idea what can befall them if some of the changes that are being discussed were made to the Social Security System. So let me ask you to comment.

Mr. APFEL. I think this is a critical issue and we are doing everything we can to educate the public. Indeed, Barbara Kennelly, our Associate Commissioner for Retirement Policy——

Ms. DELAURO. Great lady.

Mr. HOYER. Where is she from?

Mr. APFEL. I am not sure. Maybe Connecticut.

Ms. DELAURO. The great State of Connecticut.

Thank you, Mr. Hoyer.

Mr. APFEL. Our Associate Commissioner for Retirement Policy has spent a great deal of time on the issue of women and Social Security. Women face special challenges like lower pay, more years out of the labor force, and they rely more on Social Security than men. We also look at 5 percent of aged married women are poor, but roughly 20 percent of single elderly women are poor; 22 percent divorced; 20 percent never married; 18 percent are widows. The poverty rates for women are significantly higher than they are for men. Widows make up about two-thirds of the poor, aged population of women.

So there are very special issues here, and we have done what we believe is appropriate to get information out about the issues of women and Social Security.

You had asked for some specifics on the implications of various proposals. We have provided that to the Congress, to the Senate, and we will provide that for the record here as well. There are about five options that have been looked at. One is the normal retirement age and whether it should be raised. That is one option that is out there. Actually an increase in the retirement age is a relative positive for women as opposed to cost-of-living adjustments. If COLAs are reduced because of longevity for women, there is a negative impact for women.

Computation years. We provide benefits based on the highest 35 years of earnings. Given the fact that women are out of the labor force for a number of years, many times more often than men, increasing the number of computation years has a negative effect on women compared to men. Meanwhile, across-the-board cuts in So-

cial Security would mean a larger dollar cut for men because of the higher Social Security payment, but it is a larger cut in total income for women because of their reliance on Social Security in total. So we have explored a number of these different options and can provide that for the record, which we did over in the Senate.

[The information follows:]

IMPLICATIONS OF SOCIAL SECURITY SOLVENCY OPTIONS FOR WOMEN

MEMORANDUM

Date: May 18, 1999

To: Jane Ross, Deputy Commissioner for Policy

From: Keith Fontenot, Assistant Deputy Commissioner for Policy

Subject: Information on the Distributional Effects of Various Social Security Solvency Options by Gender and Income

The attached tables present estimates of the distributional impacts of various Social Security solvency options, focusing on how women and men and households with different levels of income in retirement would be affected by various possible changes.

Methodology

These tables represent the first results from a two-year ongoing initiative within SSA's Office of Policy to improve SSA's capacity to model the distributional impacts of solvency options. We examined the distributional effects of the solvency options reviewed in the July 1998 report of the Social Security Advisory Board. (See Appendix 1 for more details.) Where possible, we simulated the distributional implications of these program changes using a representative sample of individuals born around 1930 and retiring around 1992. (See Appendix 1 for a listing of options not simulated.)

The results are based on the experience of one historical cohort of Social Security beneficiaries, and show what would have happened to these individuals if they had lived their working lives under a different set of Social Security rules without changing their earnings or retirement behavior. By using data from a sample of actual beneficiaries, we ensure that our estimates reflect the full range of lifetime earnings, marriage, and retirement experience present in the diverse U.S. population.

However, these estimates are imperfect guides to how future Social Security beneficiaries will be affected by any changes we make today. In particular, the proportion of women with substantial labor market experience will be much higher in future cohorts than it is in the cohort that retired in 1992. The Office of the Chief Actuary projects that fully-insured rates for women over age 62 will increase from 67 percent to

89 percent over the next 75 years, and the percentage of women receiving a Social Security benefit based on their spouse's earnings history will fall from 64 percent today to 41 percent in 2075. There are other reasons why the experience of future cohorts is likely to differ from that of 1992 retirees. Changing patterns of marriage and divorce, rising real incomes, the shifting occupational structure of the U.S. workforce, and evolving norms about retirement will all make the experience of future cohorts different from those of the past. Moreover, individuals may change their labor supply, saving, or retirement behavior *in response to* changes in Social Security contribution and benefit rules.

Nonetheless, we believe that future cohorts are likely to be sufficiently similar to past cohorts for the results of the historical cohort model to be relevant in thinking about the distributional implications of possible policy changes. A major research project is underway in SSA's Office of Policy to build a model capable of projecting distributional impacts of policy changes based on different assumptions regarding the future evolution of work, retirement, marriage and saving in the U.S. population. Analyses based on this new model as well as from improved versions of the historical cohort model are under development.

Results

The attached tables provide estimates of the distributional impacts of those solvency options listed in the July 1998 report of the Social Security Advisory Board that our historical cohort model is currently capable of analyzing. When interpreting these results, it is important to be aware of the following. First, the effects of each option are analyzed separately and cannot be interpreted as additive, because interactions would occur between options. Second, these estimates are produced by a historical simulation model using survey data matched with Social Security administrative records. The results depend on, and may be sensitive to, the assumptions underlying the model.

Our measure of the Social Security benefit is the average annual benefit received by an individual throughout his or her retirement years. For example, a married woman may receive spousal benefits as part of a married couple, and then, if she outlives her husband, receive widow benefits until her death. The average lifetime benefit for this woman is calculated to include both the benefits received when she was part of a married couple and the benefits she received as a widow.

The first two tables provide background information on the solvency options and on the characteristics of the cohort of 1992 retirees. Table 1 provides estimates of the effects of

the solvency options on the Social Security Trust Fund. Table 2 shows the distribution of the sample and average annual lifetime benefits under current law by gender and marital status.

The next four tables provide results by gender and marital status. Table 3 and 4 present the impact on an *individual's annual lifetime benefits*, and Table 5 and 6 present the impact on *annual lifetime per capita family benefits*. The first pair of tables counts each spouse in a married couple as receiving his or her own Social Security benefit, while the second pair of tables counts each spouse in a married couple as receiving one half the total benefits received by both members of the married couple. Tables 3 and 5 show the *percentage change* relative to current law in average annual Social Security benefits by gender and marital status for each of the solvency options. Tables 4 and 6 show the *dollar change* relative to current law in average annual Social Security benefits by gender and marital status for each of the solvency options.

Table 7 shows the distribution of the 1930 historical cohort by gender and income in the year after retirement.

Tables 8 and 9 provide estimates of the effects of solvency options on annual benefits relative to current law by income quintile. Table 8 shows the average *percentage change in annual benefits* relative to current law, and Table 9 shows the average *dollar change in annual benefits* relative to current law.

Because increases in the maximum level of earnings subject to the Social Security tax affect both taxes and benefits, Tables 10 and 11 show the *net* effect by including both the additional taxes paid and the additional benefits received, over the beneficiaries' lifetimes, in nominal dollars (where income is measured as per capita household income in the year following retirement.) Estimates in Table 10 are individual-specific, and estimates in Table 11 are family per capita.

One further point is worth noting. On average, Social Security benefits represent a larger share of total income for women than for men and for low-income households than for higher-income households. Therefore, an equal percentage reduction in Social Security benefits for all beneficiaries would result in a larger percentage reduction in total household income for women and low-income households, assuming no offsetting changes in other income sources.

Table I

Options Considered by the Social Security Advisory Board: Addressing the Long-Range Solvency Problem

Options[1]	Office of the Chief Actuary Estimates[2]	
	Estimated Change in 75-year OASDI Actuarial Balance	**Percentage of Long-term Deficit Resolved[3]**
COLA Options		
Reduce the COLA by 0.5 percentage points below CPI annually	0.74	36%
Reduce the COLA by 1.0 percentage points below CPI annually	1.43	69%
Computation Years		
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 38	0.23	11%
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 40	0.35	17%
Across-the-Board Reductions		
Reduce benefits across the board by 3 percent	0.37	18%
Reduce benefits across the board by 5 percent	0.62	30%
Raise the Normal Retirement Age		
Raise the Normal Retirement Age to age 68	0.42	20%
Raise the Normal Retirement Age to age 70	0.53	26%
Means-Testing Benefits		
Reduce benefits by 10 percent beginning at family income of $40,000 annually and 10 additional percent for each additional $10,000 (maximum reduction of 85 percent)	1.65	80%
Payroll Tax Increases		
Raise payroll tax rates (for employees and employers combined) by 2.2 percentage points	2.15[4]	104%[4]
Raise payroll tax rates (for employees and employers combined) by 2.75 percentage points	2.09[4]	101%[4]
Taxation of Benefits		
Eliminate the special income thresholds for taxing benefits and tax like private pensions (put revenue in the Trust Funds)	0.35	17%
Adjustments to the Tax Max		
Make all earnings subject to the payroll tax (but retain the cap for benefit calculations)	2.02	98%
Make all earnings subject to the payroll tax and credit them for benefit calculations	1.53	74%
Make 90 percent of earnings subject to the payroll tax and credit them for benefit purposes	0.60	29%
Other Options		
Cover all newly hired State and local government employees	0.22	11%
Invest 40 percent of the Trust Funds in stocks	1.00	48%
Transfer money from general revenues to offset the OASDI Trust Fund deficit	Impact on the Trust Fund deficit would depend on the amount transferred.	

[1] Each option could be designed in a variety of ways, with significant variation in outcomes depending on implementation and assumptions. The distributional impacts of each option are analyzed separately. The impacts cannot be interpreted as additive, because interactions would occur between options.

[2] These estimates are based on the intermediate assumptions in the 1999 Social Security Trustees Report.

[3] The percentage of the deficit resolved by each option cannot be interpreted as additive, because interactions would occur between options.

[4] The two payroll tax increases are phased in over different time periods. See Appendix I for phase-in periods.

Table 2
Distribution of Historical Cohort by Gender and Marital Status
(1999 Dollars)

Marital Status at Entitlement	Average Annual Lifetime Benefit under Current Law[1]	Percentage Distribution for Total	Percentage Distribution by Gender
Total	$7,107	100.0%	N/A
Women			
Total	$5,794	60.9%	100.0%
Married at entitlement			
While Couple	$4,264	28.7%	47.1%
While Widow	$10,703[2]	11.6%	19.0%
Widowed at entitlement	$5,400	13.6%	22.4%
Divorced/separated at entitlement	[3]	5.2%	8.6%
Never married at entitlement	$7,527	1.8%	2.9%
Men			
Total	$9,156	39.1%	100.0%
Married at entitlement			
While Couple	$9,177	27.0%	69.0%
While Widower	$9,833[2]	3.9%	9.9%
Widowed at entitlement	$9,282	3.1%	8.1%
Divorced/separated at entitlement	[3]	3.4%	8.8%
Never married at entitlement	$8,097	1.7%	4.2%

Note: These estimates are for Old-Age and Survivors' benefits and are simulated using the historical cohort model.

[1] These are individual-specific benefits.
[2] The average annual lifetime benefit under current law for women married at entitlement who are later widowed is larger than the benefit of men in the corresponding category because of the widow(er)'s limit. The limit protects the widow(er) from the benefit reduction of his/her spouse's decision to retire early. The limit prevents the widow(er) from receiving a benefit at age 62 that is less than 82.5 percent of the deceased spouse's primary benefit.
[3] The historical cohort model does not contain sufficient information about the former spouses of individuals who are divorced or separated at entitlement to allow us to model the impact of the policy changes on these individuals.

Table 3.
Social Security Advisory Board Solvency Options:
Percentage Change in Individual Average Annual Lifetime Benefits Compared to Current Law Benefits
by Marital Status at Benefit Entitlement[1]

Options[2]	Total	Total		Married at Entitlement				Widow (er)ed at Entitlement		Never Married at Entitlement	
				While Couple		While Widow(er)					
		Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
COLA Options											
Reduce the COLA by 0.5 percentage points below CPI annually	-6.2	-7.1	-5.4	-4.9	-4.8	-11.0	-9.7	-5.6	-5.2	-5.9	-5.0
Reduce the COLA by 1.0 percentage points below CPI annually	-11.9	-13.5	-10.3	-9.5	-9.3	-20.8	-18.4	-10.7	-10.1	-11.4	-9.7
Computation Years											
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 38	-3.3	-3.7	-2.9	-3.6	-2.8	-3.3	-2.9	-4.3	-3.0	-3.1	-3.6
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 40	-5.6	-6.2	-5.1	-6.1	-4.9	-5.6	-4.9	-7.1	-5.2	-5.5	-6.1
Across-the-Board Reductions											
Reduce benefits across the board by 3 percent	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Reduce benefits across the board by 5 percent	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0
Raise the Normal Retirement Age											
Raise the Normal Retirement Age to age 68	-6.0	-5.0	-7.0	-6.9	-7.0	-1.3	-6.6	-5.9	-7.1	-7.0	-7.2
Raise the Normal Retirement Age to age 70	-17.0	-13.8	-20.2	-20.3	-20.2	-2.3	-19.1	-16.4	-20.4	-20.3	-21.2
Adjustments to the Tax Max											
Make 90 percent of earnings subject to the payroll tax and credit them for benefit purposes	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]

Note: These estimates are for Old-Age and Survivors' benefits and are simulated using the historical cohort model.

[1] The historical cohort model does not contain sufficient information about the former spouses of individuals who are divorced or separated at entitlement to allow us to model the impact of the policy changes on these individuals.
[2] Each option could be designed in a variety of ways, with significant variation in outcomes depending on implementation and assumptions. The distributional impacts of each option is analyzed separately. The impacts cannot be interpreted as additive, because interactions would occur between options.
[3] See Tables 10 and 11 for the *net* change.

Table 4.

Social Security Advisory Board Solvency Options:
Dollar Change in Individual Average Annual Lifetime Benefits Compared to Current Law Benefits (1999 Dollars)
by Marital Status at Benefit Entitlement[1]

Options[2]	Total	Total		Married at Entitlement				Widow (er)ed at Entitlement		Never Married at Entitlement	
				While Couple		While Widow(er)					
		Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
COLA Options											
Reduce the COLA by 0.5 percentage points below CPI annually	-442	-411	-490	-210	-443	-1,182	-950	-301	-487	-445	-409
Reduce the COLA by 1.0 percentage points below CPI annually	-846	-782	-945	-405	-857	-2,226	-1,805	-578	-940	-856	-789
Computation Years											
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 38	-236	-215	-268	-154	-261	-352	-282	-232	-275	-235	-291
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 40	-401	-361	-463	-259	-453	-603	-486	-382	-479	-413	-495
Across-the-Board Reductions											
Reduce benefits across the board by 3 percent	-213	-174	-275	-128	-275	-321	-295	-162	-278	-226	-243
Reduce benefits across the board by 5 percent	-355	-290	-458	-213	-459	-535	-492	-270	-464	-376	-405
Raise the Normal Retirement Age											
Raise the Normal Retirement Age to age 68	-425	-287	-639	-295	-641	-144	-650	-320	-659	-528	-581
Raise the Normal Retirement Age to age 70	-1,209	-799	-1,849	-864	-1,854	-249	-1,876	-885	-1,893	-1,525	-1,716
Adjustments to the Tax Max											
Make 90 percent of earnings subject to the payroll tax and credit them for benefit purposes[3]	3	3	3	3	3	3	3	3	3	3	3

Note: These estimates are for Old-Age and Survivors' benefits and are simulated using the historical cohort model.

[1] The historical chort model does not contain sufficient information about the former spouses of individuals who are divorced or separated at entitlement to allow us to model the impact of the policy changes on these individuals.

[2] Each option could be designed in a variety of ways, with significant variation in outcomes depending on implementation and assumptions. The distributional impacts of each option are analyzed separately. The impacts cannot be interpreted as additive, because interactions would occur between options.

[3] See Tables 10 and 11 for the *net* change.

Table 5

Social Security Advisory Board Solvency Options:
Percentage Change in Average Annual Lifetime Family Per Capita Benefits Compared to Current Law Benefits by Marital Status at Benefit Entitlement[1]

Options[2]	Total	Total		Married at Entitlement				Widow (er)ed at Entitlement		Never Married at Entitlement	
				White Couple		White Widow(er)					
		Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
COLA Options											
Reduce the COLA by 0.5 percentage points below CPI annually	-6.2	-6.7	-5.5	-4.9	-4.8	-11.0	-9.7	-5.6	-5.2	-5.8	-5.0
Reduce the COLA by 1.0 percentage points below CPI annually	-11.8	-12.7	-10.5	-9.4	-9.3	-20.8	-18.4	-10.7	-10.1	-11.4	-9.7
Computation Years											
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 38	-3.4	-3.6	-3.1	-3.4	-3.1	-3.3	-2.9	-4.3	-3.0	-3.1	-3.6
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 40	-5.6	-6.2	-5.1	-6.1	-4.9	-5.6	-4.9	-7.1	-5.2	-5.5	-6.1
Across-the-Board Reductions											
Reduce benefits across the board by 3 percent	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Reduce benefits across the board by 5 percent	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0
Raise the Normal Retirement Age											
Raise the Normal Retirement Age to age 68	-6.0	-5.4	-7.0	-7.0	-7.1	-1.3	-6.6	-5.9	-7.1	-7.0	-7.2
Raise the Normal Retirement Age to age 70	-17.2	-15.0	-20.4	-20.4	-20.5	-2.3	-19.1	-16.4	-20.4	-20.3	-21.2
Adjustments to the Tax Max											
Make 90 percent of earnings subject to the payroll tax and credit them for benefit purposes	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]

Note: These estimates are for Old-Age and Survivors' benefits and are simulated using the historical cohort model.

[1] The historical cohort model does not contain sufficient information about the former spouses of individuals who are divorced or separated at entitlement to allow us to model the impact of the policy changes on these individuals.

[2] Each option could be designed in a variety of ways, with significant variation in outcomes depending on implementation and assumptions. The distributional impacts of each option is analyzed separately. The impacts cannot be interpreted as additive, because interactions would occur between options.

[3] See Tables 10 and 11 for the *net* change.

Table 6.

Social Security Advisory Board Solvency Options:
Dollar Change in Average Annual Lifetime Family Per Capita Benefits Compared to Current Law Benefits (1999 Dollars)
by Marital Status at Benefit Entitlement[1]

Options[2]	Total	Total		Married at Entitlement				Widow (er)ed at Entitlement		Never Married at Entitlement	
				While Couple		While Widow(er)					
		Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
COLA Options											
Reduce the COLA by 0.5 percentage points below CPI annually	-447	-471	-410	-332	-329	-1,182	-950	-301	-487	-445	-409
Reduce the COLA by 1.0 percentage points below CPI annually	-857	-899	-791	-642	-636	-2,221	-1,805	-578	-940	-856	-789
Computation Years											
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 38	-245	-253	-232	-232	-209	-$352	-282	-232	-275	-235	-291
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 40	-416	-428	-397	-394	-359	-603	-486	-382	-479	-413	-495
Across-the-Board Reductions											
Reduce benefits across the board by 3 percent	-217	-212	-226	-205	-205	-321	-295	-162	-278	-226	-243
Reduce benefits across the board by 5 percent	-362	-353	-376	-342	-342	-535	-492	-270	-464	-376	-405
Raise the Normal Retirement Age											
Raise the Normal Retirement Age to age 68	-437	-379	-528	-481	-482	-144	-650	-320	-659	-528	-581
Raise the Normal Retirement Age to age 70	-1,245	-1,061	-1,531	-1,395	-1,400	-249	-1,876	-885	-1,893	-1,525	-1,716
Adjustments to the Tax Max											
Make 90 percent of earnings subject to the payroll tax and credit them for benefit purposes	3	3	3	3	3	3	3	3	3	3	3

Note: These estimates are for Old-Age and Survivors' benefits and are simulated using the historical cohort model.

[1] The historical cohort model does not contain sufficient information about the former spouses of individuals who are divorced or separated at entitlement to allow us to model the impact of the policy changes on these individuals.

[2] Each option could be designed in a variety of ways, with significant variation in outcomes depending on implementation and assumptions. The distributional impacts of each option are analyzed separately. The impacts cannot be interpreted as additive, because interactions would occur between options.

[3] See Tables 10 and 11 for the *net* change.

Table 7
Distribution of Historical Cohort by Gender and Income in Year After Retirement

Income Quintile	Gender Distribution of Each Income Quintile		Percentage Distribution by Gender	
	Women	Men	Women	Men
Total (1999 Dollars)	60.9%	39.1%	100%	100%
Quintile 1:				
Under $7,907	66.7%	33.3%	21.9%	17.0%
Quintile 2:				
$7,907-$11,893	58.5%	41.5%	19.2%	21.2%
Quintile 3:				
$11,894-$16,410	60.1%	39.9%	19.7%	20.4%
Quintile 4:				
$16,411-$23,769	59.2%	40.8%	19.4%	20.9%
Quintile 5:				
$23,770 or More	60.0%	40.0%	19.7%	20.4%

Table 8
Social Security Advisory Board Solvency Options:
Percentage Change in Individual Average Annual Lifetime Benefits Compared to Current Law Benefits by Income Quintile

Options[1]	Under $7,907	$7,907-$11,893	$11,894-$16,410	$16,411-$23,769	$23,770 or More
COLA Options					
Reduce the COLA by 0.5 percentage points below CPI annually	-5.2	-5.7	-6.4	-6.6	-6.5
Reduce the COLA by 1.0 percentage points below CPI annually	-10.0	-11.0	-12.3	-12.5	-12.5
Computation Years					
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 38	-4.6	-3.5	-3.2	-3.0	-3.0
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 40	-7.5	-6.0	-5.5	-5.2	-5.1
Across-the-Board Reductions					
Reduce benefits across the board by 3 percent	-3.0	-3.0	-3.0	-3.0	-3.0
Reduce benefits across the board by 5 percent	-5.0	-5.0	-5.0	-5.0	-5.0
Raise the Normal Retirement Age					
Raise the Normal Retirement Age to age 68	-6.7	-6.3	-5.6	-5.6	-6.0
Raise the Normal Retirement Age to age 70	-19.6	-18.4	-16.0	-16.0	-16.7
Adjustments to the Tax Max					
Make 90 percent of earnings subject to the payroll tax and credit them for benefit purposes	[2]	[2]	[2]	[2]	[2]

Note: These estimates are for Old-Age and Survivors' benefits and are simulated using the historical cohort model.

[1] Each option could be designed in a variety of ways, with significant variation in outcomes depending on implementation and assumptions. The distributional impacts of each option is analyzed separately. The impacts cannot be interpreted as additive, because interactions would occur between options.
[2] See Tables 10 and 11 for the *net* change.

Table 9

Social Security Advisory Board Solvency Options:
Dollar Change in Individual Average Annual Lifetime Benefits Compared to Current Law Benefits (1999 Dollars)
by Income Quintile

Options[1]	Under $7,907	$7,907-$11,893	$11,894-$16,410	$16,411-$23,769	$23,770 or More
COLA Options					
Reduce the COLA by 0.5 percentage points below CPI annually	-200	-378	-499	-563	-575
Reduce the COLA by 1.0 percentage points below CPI annually	-384	-726	-955	-1,078	-1,098
Computation Years					
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 38	-176	-232	-249	-261	-262
Increase the number of years used to calculate benefits for retirees and survivors from 35 to 40	-288	-395	-427	-447	-451
Across-the-Board Reductions					
Reduce benefits across the board by 3 percent	-116	-198	-234	-258	-263
Reduce benefits across the board by 5 percent	-193	-330	-389	-430	-439
Raise the Normal Retirement Age					
Raise the Normal Retirement Age to age 68	-258	-417	-438	-485	-530
Raise the Normal Retirement Age to age 70	-756	-1,217	-1,249	-1,373	-1,463
Adjustments to the Tax Max					
Make 90 percent of earnings subject to the payroll tax and credit them for benefit purposes	[2]	[2]	[2]	[2]	[2]

Note: These estimates are for Old-Age and Survivors' benefits and are simulated using the historical cohort model.

[1] Each option could be designed in a variety of ways, with significant variation in outcomes depending on implementation and assumptions. The distributional impacts of each option is analyzed separately. The impacts cannot be interpreted as additive, because interactions would occur between options.

[2] See Tables 10 and 11 for the *net* change.

Table 10
Average Annual Net Effect of Increasing Maximum Taxable Earnings[1]
(Individual-Specific, 1999 Dollars)

	Average Annual Net Present Value Change[2]
Total	-$33
Women	$38
Men	-$132
Married at Entitlement	
Women	$60
Men	-$140
Widow(er)ed at Entitlement	
Women	$11
Men	-$115
Never Married at Entitlement	
Women	-$15
Men	-$65
Lifetime Earnings Quintile[3]	
Under $11,574	$0
$11,575-$25,479	$0
$25,480-$37,875	-$2
$37,876-$51,917	-$41
$51,918 and More	-$123

[1] The taxable maximum is increased so that 90 percent of coverable earnings are taxed.
[2] These averages are for all beneficiaries in our sample whether or not they are affected by the increase in the taxable maximum earnings. The average annual net present value change is the difference between the discounted present value of benefits received by the individual and the discounted present value of taxes paid by the individual divided by the number of years working and in retirement.
[3] Based on Average Indexed Monthly Earnings (AIME).

Table 11
Average Annual Net Effect of Increasing Maximum Taxable Earnings[1]
(Family-Per Capita, 1999 Dollars)

	Average Annual Net Present Value Change[2]
Total	-$44
Women	-$30
Men	-$64
Married at Entitlement	
Women	-$32
Men	-$53
Widow(er)ed at Entitlement	
Women	-$38
Men	-$115
Never Married at Entitlement	
Women	-$15
Men	-$65
Lifetime Earnings Quintile[3]	
Under $11,574	$0
$11,575-$25,479	$0
$25,480-$37,875	-$5
$37,876-$51,917	-$59
$51,918 and More	-$158

[1] The taxable maximum is increased so that 90 percent of coverable earnings are taxed.
[2] These averages are for all beneficiaries in our sample whether or not they are affected by the increase in the taxable maximum earnings. The average annual net present value change is the difference between the discounted present value of benefits received by the individual and the discounted present value of taxes paid by the individual divided by the number of years working and in retirement.
[3] Based on Average Indexed Monthly Earnings (AIME).

Appendix 1

Social Security Advisory Board Solvency Options

COLA Options

- Reduce the COLA by 0.5 percentage point below CPI, beginning in 2000.
- Reduce the COLA by 1.0 percentage point below CPI, beginning in 2000.

Computation Years

- Increase the number of years used to calculate benefits for retirees and survivors from 35 to 38 (phased in 2002-2006).
- Increase the number of years used to calculate benefits for retirees and survivors from 35 to 40 (phased in 2005-2013).

Across-the-Board Reduction

- Reduce benefits across-the-board by 3 percent for those newly eligible for benefits, beginning in 2000.
- Reduce benefits across-the-board by 5 percent for those newly eligible for benefits, beginning in 2000.

Raise the Normal Retirement Age

- Eliminate the hiatus for the currently scheduled increase in the normal retirement age to 67, index the normal retirement age (by 1 month every 2 years) from age 67 up to age 68.
- Eliminate the hiatus for the currently scheduled increase in the normal retirement age to 67, index the normal retirement age (by 1 month every 2 years) from age 67 up to age 70.

Means Testing Benefits[1]

- Beginning in 2000 reduce benefits by 10 percent beginning at family income of $40,000 annually (income level are CPI-indexed after 1995) and 10 additional percent for each additional $10,000 (up to a maximum reduction of 85 percent).

Payroll Tax Increases[1]

- Raise payroll tax rates (for employees and employers combined) by 2.2 percentage points in 2000.

- Raise payroll tax rates (for employees and employers combined) by 2.75 percentage points in 2020 and an additional 2.75 percentage points in 2050

Taxation of Benefits[1]

- Eliminate the special income thresholds for taxing benefits and tax like private pension benefits (put revenue in the Trust Funds).

Adjustments to the Taxable Maximum Wage Base

- Make all earnings subject to the payroll tax (but retain the cap for benefit calculations) beginning in 2000.[1]

- Make all earnings subject to the payroll tax and credit them for benefit calculations beginning in 2000.[1]

- Make 90 percent of earnings subject to the payroll tax and credit them for benefit purposes (phased in 2001-2003).

Other Options

- Cover all newly hired State and local government employees beginning in 2000.[1]

- Invest 40 percent of the Trust Funds in stocks (phased in 2000-2014).[1]

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[1] Not able to simulate these options at this time. Further development of this model is necessary.

- Transfer money from general revenues to offset the Trust Fund deficit.[1]
- Use a portion of the payroll tax (e.g., 2 or 5 percent) to provide mandatory individual investment accounts.[1]
- Allow or require workers to contribute to individual investment accounts funded by additional wages withheld from wages.[1]

[1] Not able to simulate these options at this time. Further development f this model is necessary.

Appendix 2

The Historical Cohort Model

Social Security reforms may have effects that vary across individuals. To examine the distribution of effects the Social Security Administration has developed a simulation model that calculates payroll taxes and retirement benefits for a sample of workers representing the national population of workers of both sexes, married and unmarried, with all the patterns of individual lifetime earnings that are observed for an actual sample of retirees.

The historical cohort model is a simulation model using the 1930 birth cohort as the basis. The representative sample of 5,000 workers born around 1930 and retiring around 1992 comes from the March 1994 Current Population Survey matched with Social Security records. For each worker in the simulation cohort we observe the earnings history from 1951 on and the date of benefit entitlement (both obtained from Social Security data), as well as the earnings history and date of benefit entitlement for the worker's spouse if the worker were married at retirement. (If the worker were already a widow or widower at the date of benefit entitlement, we also have the earnings history and date of death for the deceased spouse.) In every year, imputed earnings above the taxable maximum replace any earnings that were observed at the taxable maximum.

The earnings histories and date of entitlement are sufficient for calculating payroll taxes and benefits under current law and under many proposed policy options. Each solvency provision is modeled as if it were fully in effect for the entire life span of the 1930 birth cohort. While the results show the effects on a population of actual workers, it is important to keep in mind that the simulation results for the 1930 birth cohort are indicative of what the distributional effects of solvency proposals would be in the future but are not exact since the labor force behavior and marriage patterns of the 1930 birth cohort are different from those of workers born later.

Each worker's annual benefits are calculated through the retirement period, with probabilities of survival to each age determined according to Social Security projections of mortality. For couples, three streams of annual benefits are calculated: those payable while both members are alive; those payable if only the husband survives; and those payable if only the wife survives. These triple calculations are necessary for examining the effects at older ages of solvency options that would affect spouse or widow benefits. Throughout the analysis, benefits refer to annual benefits averaged over the individual's lifetime and discounted to reflect the probability of survival and the time value of money.
For example, for a women who is married at entitlement, average lifetime benefits would include the benefits received while she is married and the benefits received after she becomes widowed.

Mr. APFEL. Also, we have done work on exploring enhancements to the Social Security benefit for widows and for low-income workers, which are primarily women; and for SSI program changes to the general income exclusion. An individual can receive SSI, but if they receive Social Security, they lose most of the SSI benefits. So that benefit has now been frozen for many, many years.

I also can provide information for the record on three different proposals that are out on looking at ways to enhance benefits for women. Overall, this is a critical issue, I believe, for the country over the course of the months and the years ahead as we move on this system. Sixty percent of our beneficiaries, adult beneficiaries, are women. We are a women's program. It affects the lives of everyone, but particularly women, particularly widows. We will provide this for the record, and I support all the efforts you are making to increase our education on this issue.

[The information follows:]

Proposals to Enhance Benefits for Women

There are a variety of proposals that have been developed by numerous groups, including:

1. Increasing Social Security Benefits for Widow(er)s

   Under current law, survivors receive the higher of their own worker benefit or a surviving spouse benefit based on their deceased spouse's primary benefit. This benefit generally ranges from 50 percent to 67 percent of the amount the couple would be receiving if both were still alive. Recent research shows that a single person needs about three-quarters of a couple's *income* to maintain the same standard of living. While Social Security is generally only one part of retirement income, it accounts for a much larger proportion of the retirement income (in some cases all) of the poorest individuals.

   The widow(er)'s benefit could be increased in many ways. One way is by making it a larger percentage of the couple's benefit. This increase could be limited to a specific threshold to control costs and to target it more effectively. For example, it could be limited to the benefit paid to steady maximum earners or to the average retired worker benefit. In addition, it could be effective immediately for all current beneficiaries or phased in gradually for newly-eligible beneficiaries. Examples of these types of options include:

   - Increasing widow(er)'s benefits to 67 percent of the couple's benefit, effective for all widow(er) beneficiaries immediately, and limited to the benefit paid to steady maximum earners or limited to the average retired worker benefit.

   - Increasing widow(er)'s benefits to 67 percent of the couple's benefit, gradually phased in for new eligibles, and limited to the benefit paid to steady maximum earners or limited to the average retired worker benefit.

   - Increasing widow(er)'s benefits to 75 percent of the couple's benefit, effective for all widow(er) beneficiaries immediately, and limited to the benefit paid to steady maximum earners or limited to the average retired worker benefit.

   - Increasing widow(er)'s benefits to 75 percent of the couple's benefit, gradually phased in for new eligibles, and limited to the benefit paid to steady maximum earners or limited to the average retired worker benefit.

   Widows are at risk of poverty in later life, especially when their spouse files for benefits before the normal retirement age (NRA) and receives an actuarially reduced benefit. A provision of current law—the widow(er)'s limit—operates as a ceiling on widow(er)'s benefits. Under the widow(er)'s limit, the widow(er)'s benefit cannot exceed the greater of the reduced benefit the deceased worker was receiving or 82½ of the deceased worker's primary insurance amount (PIA). For example, a married man who filed for benefits at age 63 in 1999 would have received 86.7 percent of his PIA. If he dies after she reaches the NRA, her widow(er)'s benefit will be 86.7 percent of his PIA. Without the limit, she would

have received 100 percent of his PIA, because she began to receive widow(er)'s benefits after the NRA.

For example, one option would be to abolish the widow(er)'s limit ceiling and permit widow(er)s, whose spouse retired before the NRA, to receive up to 100 percent of their spouse's PIA, depending on when the widow(er) filed for benefits.

2. Increasing Social Security Benefits for Low Earners—Most of whom are Women

Under current law, a special minimum benefit exists that provides a guaranteed minimum benefit for persons who worked at least 11 years in covered employment. Workers must meet a minimum earnings amount to qualify for a year of covered earnings ($8,505 in 2000). The current minimum benefit would pay a worker with 30 years of covered earnings a monthly benefit of $580.60 (in December 1999), while the all-ages poverty threshold was $722.20 in that same year.

Only 143,390 retired workers (0.50 percent of all retired worker beneficiaries) received special minimum benefits in December 1999; 76 percent were women.

There are various ways to increase the special minimum benefit, including 1) revising the indexing mechanism so the real amount of the benefit grows in the future or 2) structurally changing the benefit. Examples of these types of options include:

- Indexing the special minimum benefit to wage growth rather than inflation. (Benefits under the regular benefit formula are wage-indexed before eligibility and thus reflect wage growth.)

- Increase the benefit payment to workers with many years of low earnings by changing the existing special minimum benefit so that 30 years of covered earnings results in a benefit at 100 percent of poverty threshold.

- Change the existing special minimum benefit formula so that workers with at least 20 years of covered earnings would receive a benefit equal to 60 percent of poverty for each year of covered earnings, until the guaranteed minimum benefit reaches 100 percent of the poverty threshold for individuals with 40 years of covered earnings.

3. Making Changes to the Supplemental Security Income (SSI) Program

Under current law, the dollar amount of monthly Social Security benefits excluded in the computation of SSI benefits (the general income exclusion) has remained constant at $20 since 1974. If the $20 had been raised to its inflation-adjusted equivalent in January 2000, the dollar amount would be $80. Women are especially affected by this exclusion because they are far more likely to have low enough retirement benefits to qualify for SSI. In December 1998, 34 percent of women retirees received less than $500 per month in Social Security benefits compared to 12 percent of men.

The general income exclusion could be raised in any increment above the current $20. For example, one option would be to increase the SSI general income exclusion from $20 up to $80 and possibly adjusting it annually thereafter to keep pace with inflation.

Ms. DELAURO. Thanks very much. I appreciate your efforts and those of my colleague and good friend Barbara Kennelly. I think we have a unique opportunity through our offices and the people that we reach. This is absolutely at the heart of what I believe our jobs are all about is to provide people with this kind of information in any way that we can and—I speak for myself—I can, which we can get this to the broadest—and we can do it district by district. That is the advantage of why we are here is to make this information available or have the kinds of forums and so forth where the material can be presented and people can just understand it. They can decide what conclusions they come up with. But I think that we need to be at the center of—particularly on this system which has had just an unbelievable effect on people's lives, and we cannot afford to be cavalier in the way we—you haven't—cavalier in the way we approach its future. Thanks very much.

Mr. APFEL. Thank you.

Mr. PORTER. Thank you, Ms. DeLauro.

Mr. Hoyer.

COMMISSIONER'S AND PRESIDENT'S BUDGET REQUESTS

Mr. HOYER. Thank you, Mr. Chairman.

Mr. Commissioner, you requested, as I understand it, $7.356 billion in your budget. You received approximately $7.1 billion, am I correct, for the administrative budget, $7.134 billion; am I correct? I didn't want to start with a hard one.

Mr. APFEL. That is the President's request, yes.

Mr. HOYER. You asked for $7.356 billion. That is a $200 million difference.

Mr. APFEL. Yes.

RESOURCES, STAFFING, AND OUTPUT

Mr. HOYER. You referred in your statement to staffing levels. I have been very concerned for the last 18 years I have been on this committee as we have seen Social Security staff levels decrease very substantially. I am not sure—I don't have the figures in front of me, but there have been very, very substantial reductions, certainly since the 1981, 1982, and 1983 levels. I want to ask you specific questions, but I want to ask them in that context of whether you have enough people to do the job as we expect.

And you talked to the Chairman about response levels and the different satisfaction levels, depending on whether or not responses were prompt and accurate. Would you describe your staffing, how that is linked to performance, and apply specific examples? In other words, what is the difference between your $7.356 billion and the $7.1 billion that you have requested? What price are we paying in terms of service and performance?

Mr. APFEL. Those are very key questions, Mr. Hoyer. One of the tremendous improvements in establishing performance commitments and performance standards is to be able to link resources, with staffing, with output. At so much money, we can have so much staff, and we can do so much for the American public. At less than that amount, we will have fewer staff, and we will do less service for the American public. With more resources, we will have

more staff and be able to improve our service to the American public.

Given that, what I would like to do is specify some of the targets you had asked me about. The Commissioner's budget request does provide an added couple hundred million dollars primarily for staffing with which we would see about a couple percent increase in workyears over the current levels and about a 1 percent increase in full-time equivalents. My budget proposes an increase in staffing for two reasons: one, to prepare for our internal retirement wave as we start seeing a number of people retiring from the agency; and two, to increase our performance in a number of areas like increasing the amount of disability cases that we will handle—and I can provide that information for the record and increasing our 800-number service access. We are currently at 92 percent 5-minutes access to the 800-number. I would be proposing that we go back up to 95 percent access through the added resources.

In addition, more program integrity activities. We proposed that we increase the redeterminations that we do for SSI to look at overpayments and whether payments should be changed; increasing fraud and abuse prevention and detection activities from basically 2.1 million in FY 1999 to get us up to almost 2.3 million in FY 2001. So, clearly, more resources would mean a larger number of redeterminations, better telephone service, less wait times in our field offices, shorter disability backlogs, and more appeals handled throughout the year.

Mr. HOYER. Explain to me again the 2.3; what is that number?

Mr. APFEL. Those are redeterminations. This is part of our integrity activities.

Mr. HOYER. Two hundred thousand additional cases you could handle on redeterminations?

Mr. APFEL. That is exactly right. So there are a number of specifics that we will provide for the record.

[The information follows:]

The following table compares resources and selected workload and performance measures in the Commissioner's budget and the President's budget for fiscal year (FY) 2001, including SSI redetermination workloads.

FY 2000/2001 - Resources, Staffing, and Output

	FY 2000	FY 2001	
	Enacted Appropriation	President's Budget Request	Commissioner's Budget Request
RESOURCES ($ in millions)			
Limitation on Administrative Expenses	$6,782 [1/]	$7,134 [2/]	$7,356
Social Security Administration (SSA)/Office of the Inspector General (OIG) Workyears	65,203	63,831	66,300
Disability Determination Service (DDS) Workyears	14,330	14,015	14,800
Total SSA/DDS Workyears	79,533	77,846	81,100
SSA/OIG Full-Time Equivalents	63,350	63,140	64,049
Full-Time Permanent On-Duty, End-of-Year	60,000	60,000	60,400
SELECTED WORKLOAD AND PERFORMANCE MEASURES			
800 Number Calls Handled (millions)	57	57	60
800 Number 5-Minute Access Rate	92%	92%	95%
Retirement and Survivors Claims Processed (thousands)	3,044	3,083	3,083
Initial Disability Claims Processed (thousands)	1,975	2,057	2,201
Initial Disability Claims Pending (thousands)	535	562	526
Hearings Processed (thousands)	585	582	601
Hearings Pending (thousands)	240	191	178
Periodic Continuing Disability Reviews (CDR) Processed (thousands)	1,804	1,729	1,729
Supplemental Security Income (SSI) Non-Disability Redeterminations Processed (thousands)	2,025	2,050	2,266
Total Social Security Statements Issued (millions)	126	126	126
Annual Earnings Items Processed (millions)	259	259	259
Social Security Numbers Issued (millions)	16	16	16

[1/] Includes $210 million carried over from unobligated FY 1999 funds as follows: $100 million redirected from Automation Investment Fund, $90 million from base resources, and $20 million from 2-year continuing disability review funding.

[2/] In addition to these key workload and performance measures, SSA's budget and workyear request funds many other workloads, such as overpayment actions (4 million in President's budget), status changes -- i.e., actions related to beneficiary death, marriage, work, etc. -- (19 million in President's budget), and representative payee actions (7.5 million in President's budget).

REDETERMINATIONS AND INTEGRITY

Mr. HOYER. Those 200,000 cases would be carry-overs, so they would be pending longer?

Mr. APFEL. They would be pending longer. It is very important that we continue to expand our integrity activities. We really have two hats in Social Security. One is direct customer service. The other is ensuring that we are providing high-quality integrity services to the American public. That is why it was so important to expand continuing disability reviews, the reviews of people on disability. Redeterminations are that same kind of device to determine whether the individual still has the same financial needs to be on the SSI rolls. So this is one of our integrity functions. It is very, very critical. We have tried very hard to expand. Added resources means more redeterminations. It means a higher integrity program.

Mr. HOYER. If you could submit for the record some sort of a more precise outline of the cost of not doing the extra 200 thousand in terms of service. You also might comment in your answer on the impact on morale on existing employees who are stretched to do more with less resources, people resources.

Mr. APFEL. If I could, I will answer that now. On the redeterminations, currently we bring back in about $7 for every $1 invested in redeterminations. So it is highly cost-effective. Continuing disability reviews currently bring in about $6 for every $1. It is actually now $12, but it is going to be going down to $6 overall as we get more people through that system.

The pressure on our agency, Mr. Hoyer, is very real. We face very strong workload constraints, and those workloads are growing, and the morale—I am so proud of being the Commissioner of Social Security because of how hard the people in Social Security work to do their jobs. But the constraints are real, and the pressures are real, and that means that service can deteriorate unless we provide the resources that are necessary.

TURNOVER RATE AND THE RETIREMENT WAVE

Mr. HOYER. What is the turnover rate at the GS–9 and below? You may not have that specifically, but what generally is the turnover rate?

Mr. APFEL. The turnover rate at Social Security—and we will have to get it for the record—is relatively low throughout the country because, I believe, of the commitment to SSA as an organization. But that turnover rate—and I will provide this also for the record—is going to significantly increase in the next 5 to 6 years. We have a retirement wave that is coming at us in the next few years that is very major. Our median age is somewhat higher than the rest of the Federal Government. If we don't start preparing now to replace the individuals who are going to be leaving in the next 3 and 4 and 5 years, we will see significant consequences for service to the American public. So we need to be flattening that retirement wave and getting individuals in, trained, and prepared to deal with the new workloads.

[The information follows:]

SOCIAL SECURITY ADMINISTRATION TURNOVER RATES

Approximately 42 percent of SSA's permanent employees (full-time and part-time) are at grade 9 and below. In FY 1999, SSA lost about 1,700 permanent employees at these grade levels. This represents an annual attrition rate of 6.3 percent. Included in that total are nearly 400 losses due to "early out" retirements. Excluding the impact of early outs, the annual attrition rate for these grades was 4.9 percent.

For SSA's total permanent workforce at all grade levels, FY 1999 attrition was 6.0 percent based on about 3,800 losses. Excluding about 1,400 early out retirements, the loss rate was about 3.8 percent.

Included in the 3,800 losses in FY 1999 were nearly 1,200 regular retirements. This was an increase of more than 200 from the number of employees who retired in FY 1998. We expect the number of regular retirements to increase steadily over the next decade and to more than double by FY 2007 from the FY 1999 level.

IMPLEMENTATION OF THE TICKET TO WORK

Mr. HOYER. The Ticket to Work and Work Incentives Improvement Act, a great accomplishment in this last Congress. Will the Social Security Administration be able to get the ticket program up and running by January 1?

Mr. APFEL. We are moving expeditiously. We will meet all targets that are in the legislation. Again, this is a 3-year phase-in, but there is $58 million requested in the President's budget for return-to-work activities. We intend to have the contract awarded for the program manager, and, the proposal is, if funded, to have our work incentive outreach grants to the community funded next year as well. This will be phased in over 3 years, but we are right on schedule to continue this process to meet the requirements and the law. I think it is a very important piece of legislation.

Mr. HOYER. My time is up.

Mr. PORTER. Thank you, Mr. Chairman.

Mr. APFEL. If I could add just one other point on that. This year we are absorbing about $10 to $20 million in our FY 2000 budget because the legislation was not enacted until after the appropriation was done. So one of the other areas we have talked about, resource constraints, we are absorbing $10 to $20 million to start the implementation now. Very, very important to do, but I would point out that is another one of our resource constraints that we are under.

Mr. HOYER. Thank you.

UNCASHED CHECKS

Mr. PORTER. Mr. Commissioner, several short questions. Uncashed checks. Your budget projects an increase from $10 million in fiscal 1999 to $17 million in fiscal 2000 and a decline to $14 million in fiscal 2001 for uncashed checks. Why would this be so erratic, given the fact that the percentage of direct deposits has grown from 63 percent in 1996 to 77 percent in 1999?

Mr. APFEL. Why does the number bounce around? The actual unnegotiated checks amount depends on three figures: one, the size of the check; two, the amount of checks there are that aren't coming through direct deposit; and three, interest rates. Those are the three variables that are out there.

Clearly the size of the check has gone up some. The number that is coming out through paper is going down, which is good, and the interest rates are, as we all know, somewhat uncertain. We have always requested more than is necessary for unnegotiated checks

for a reason. We don't want to be in a position if interest rates pop up to find that we don't have enough resources for it. So, money lapses each year in our request. Money lapses at the end of each year, $2, $3, $4 million, and probably it is better to be safe than sorry on that amount of money.

In FY 1998, we spent, actually obligated, about $12 million for unnegotiated checks. In FY 1999, it was down to $10 million. We requested about $17 million in FY 2000. So it didn't make sense to have that much of a buffer, we felt. So we reduced the request down to $14 million for FY 2001, as you pointed out. That still gives us a buffer. So what we are finding, in other words, is the amount that we are actually expending is declining some, and that we had asked for too much this last year. So we have reduced that amount, but it still gives us a buffer for the future just in case interest rates come up higher than we expect.

ELECTRONIC COMMERCE

Mr. PORTER. Do I presume that the ultimate goal of the Social Security Administration would be, assuming the technology exists for most people to conduct everything over the Web and through electronic commerce, deposits all would be automatic, the applications would all be done over the Internet access to the Social Security Administration and the like? Is that sort of where you might be 20 years from now?

Mr. APFEL. I hope where we might be is a lot sooner than 20 years from now, Mr. Chairman. In terms of checks, our goal is all checks should be direct-deposited. There are a number of individuals that are reluctant to receive their check electronically. Those numbers, as you pointed out, have increased significantly over the last few years, and I anticipate will continue to. As our education shows, that it is better for the American public. It is safer. There are no stolen checks. It is cheaper. So our goal is to increasingly move in the direction of electronic service on checks.

That is true also in our service delivery system. What we need to be able to do is touch the American people as they want to be touched and served. That means some individuals are going to need to go into our offices in Illinois, Maryland, etc. to receive service. Some are going to want to use the 800-number, and some are going to want to use the Internet.

Think about it this way: Ten years ago we didn't have an 800-number. Now we have an 800-number. We have recently brought up our Web site. This year we will receive 26 million office visits, roughly 60 million phone calls, and 10 million hits on our Web site. That number is going to grow dramatically in the future as we do more retirement planning, and as we start to find ways to use the Internet to actually provide some level of service. But that will never replace, I believe, ever, for the rest of my lifetime, face-to-face service with the American public in places like Fargo, North Dakota, and in your district, and in Maryland.

Mr. PORTER. But it should become much less.

Mr. APFEL. All three services need to be provided, and we need to meet the public where they prefer. Electronic commerce, I believe, is one of the answers in meeting those dramatic increases in workloads that we will face in the next 10 to 15 years, as the baby

boomers retire. Remember, it is not just the baby boomers retiring. It is baby boomers moving into their disability-prone years, which is their fifties. So our disability cases, which are over half of our workload, represent a very substantial amount of work. Disability is going to grow as well as retirement. So finding ways to do more of this through the Internet, through our 800-number, and through our field offices is going to be important. It will become one of the three tools of our main service delivery system over time.

INTERNET SECURITY

Mr. PORTER. You have answered the premise to my question. The premise was if we—how do you assure that you have the security measures that you need for a Web site so that people know that their information is confidential and won't be shared by others or used against them?

Mr. APFEL. This is a very central issue to us. Ever since the creation of Social Security, the privacy of our records has been at the core of what we do as an agency. As we move into the Internet, there are a whole series of new questions that come up. The Committee remembers 3 years ago we tried to provide our Personal Earnings and Benefit Estimate Statement on-line. There were concerns about privacy, so we pulled back that service. We hadn't created the right balance between safety, privacy and access to information.

Our new retirement planner is a way that we found to do this without affecting individuals' records. We provide them with a calculator, and they make their own calculations on their own computer. But as we move into the future on this issue, privacy is going to be a continually important issue.

In the area of our business customers, we believe it will be cost-effective to use Public Key Infrastructure (PKI) technology to ensure that the individual—the company responding with their records—will be accessing us with data that we believe is entirely private. That is cost-effective for businesses over the short term, for us to be able to move in that direction.

For individual customers, PKI is probably too expensive right now, but those costs are dramatically being reduced. We ought to be able to get some information, preliminary information, through the Web before we cross over into private information. Then we should bring the person into our offices to verify that they are the individual. We can't move forward on full Internet applicability until we have absolutely solid privacy systems in place. In the next 2 and 3 and 4 years, we will test several privacy systems and would like to brief this Committee on what we are looking at in this area, but only after we can ensure that our security system is safe and it is appropriate and cost-effective. We can do it now with businesses. It is going to take longer with individuals.

Mr. PORTER. Thank you, Mr. Apfel.

Mr. Hoyer?

WORK INCENTIVE SPECIALISTS

Mr. HOYER. Thank you. I want to go back, if I can, to the work incentive bill. You may have referenced this in some of your an-

swers. What progress has been made on implementing work incentive specialists both—particularly to work—and the Work Incentive Improvement Act? This is, as you know, one of the few provisions in the law that is effective upon enactment.

Mr. APFEL. We are very excited about the work incentive specialists within our system. We are moving forward, starting this summer, in a number of sites around the country to test out the roles and responsibilities of the specialists in our offices. I will provide a listing for the record of the actual sites that we are going to begin in around the country. There are a number. There is somewhere in the vicinity of about 52, I believe, and I will give you that list.

[The information follows:]

SOCIAL SECURITY ADMINISTRATION
EMPLOYMENT SUPPORT REPRESENTATIVE PILOT PROGRAM

We will test the roles and responsibilities of the work incentives specialist position described in the legislation at 32 sites covering 52 field office (FO) service areas across the country beginning Summer 2000. The incumbents, known as Employment Support Representatives (ESRs), will provide information about employment services that are available in the beneficiary's community and information about Social Security work incentive programs. The ESR will serve as an SSA resource for employers, advocacy groups, service providers, and beneficiaries who reside within the service areas of the Social Security offices identified in the right-hand column of following table. The ESR will also train other SSA employees on policies affecting Social Security beneficiaries who want to work.

The ESR test or pilot locations and service areas were selected to provide a representative mix of demographic and geographic areas across the country to help us determine how return-to-work services can be best provided nationwide. The selected service areas serve approximately 350,000 individuals receiving Social Security and/or Supplemental Security Income benefits based on disability. In some cases, the areas serviced by an ESR are located away from the ESR's office. This was done to test whether services can be adequately provided from a distance. Also, some ESRs have a geographically larger service area than others due to population density and workload considerations.

The list of pilot sites and service areas follows:

SOCIAL SECURITY ADMINISTRATION
EMPLOYMENT SUPPORT REPRESENTATIVE (ESR) PILOT PROGRAM

SITES AND SERVICE AREAS

Pilot Sites	Service Areas
1. Birmingham, Alabama 2001 12th Avenue, North 35285	1. Columbia, South Carolina
2. Torrance, California 1321 Post Avenue 90501	2. Torrance
3. Hartford, Connecticut One Corp Center, Suite 900 20 Church Street 06103	3. Hartford 4. East Hartford 5. New Britain 6. Bristol
4. Denver, Colorado 4th Floor 1615 Champa Street 80202	7. Denver
5. Golden, Colorado Denver Federal Center 80225	8. Aberdeen, South Dakota 9. Huron, South Dakota 10. Rapid City, South Dakota 11. Sioux Falls, South Dakota 12. Watertown, South Dakota 13. Yankton, South Dakota
6. Pueblo, Colorado Suite 700, 7th Floor 201 West 8th Street 81003	14. Pueblo
7. Melbourne, Florida 2301 W. Eau Gallie Blvd. 32935	15. Melbourne
8. Chicago (South), Illinois 5th Floor 9730 S. Western Avenue Evergreen Park 60805	16. Chicago (South)
9. Kansas City, Kansas 850 Nebraska Avenue 66101	17. Lincoln, Nebraska 18. Beatrice, Nebraska

10. Wichita, Kansas
    8533 E. 32d Street N.
    67226

11. Louisville, Kentucky
    Room 101
    601 W. Broadway
    40202

12. New Orleans, Louisiana
    115 Terry Parkway
    Terrytown 70056

13. Towson, Maryland
    110 West Road
    21204

14. Boston, Massachusetts
    Room 148, 1st Floor
    10 Causeway Street
    02222

15. Grand Rapids, Michigan
    2d Floor
    50 College Street SE
    49503

16. Brookhaven, Mississippi
    West Brook Mart
    410 Brookway Blvd.
    39601

17. Joplin, Missouri
    123 Main Street
    64801

18. St. Louis, Missouri
    815 Olive Street
    63101

19. Las Vegas, Nevada
    5460 West Sahara Avenue
    89102

20. Trenton, New Jersey
    50 East State Street
    08608

19. Wichita

20. Louisville

21. New Orleans (Westbank)
22. New Orleans (Bywater)

23. Wilmington, Delaware
24. Dover, Delaware
25. Georgetown, Delaware

26. Framingham

27. Grand Rapids

28. Brookhaven

29. Joplin

30. St. Louis

31. Las Vegas

32. Trenton

21. Cheektowaga, New York
Suite 75, 2875 Union Road
14227

22. Patchogue, New York
75 Oak Street
11772

23. Cincinnati, Ohio
15 East Sunnybrook Drive
45237

24. Eugene, Oregon
377 Pearl Street
97401

25. Fort Worth, Texas
Room 1-A-07 Federal Bldg.
819 Taylor Street
76102

26. Lubbock, Texas
Suite 100
1611 10th Street
79401

27. San Antonio, Texas
Room 701, 7th Floor
727 East Durango
78206

28. Montpelier, Vermont
33 School Street
05602

29. Norfolk, Virginia
Suite 100
5425 Robinhood Road
23513

30. Seattle, Washington
2201 Sixth Avenue
98121

31. Charleston, West Virginia
1206 Quarrier Street
25301

32. Madison, Wisconsin
6502 Odana Road
53719

33. Olean
34. Dunkirk
35. Jamestown

36. Patchogue

37. Jackson, Michigan

38. Eugene

39. Little Rock, Arkansas

40. Lubbock
41. Plainview

42. San Antonio

43. Montpelier
44. Burlington
45. Rutland

46. Norfolk
47. Suffolk
48. Portsmouth

49. Olympia

50. Charleston
51. St. Albans

52. Madison

Mr. HOYER. None running at this point, starting this summer?

Mr. APFEL. Within 2 months we will be starting. Our goal is to have a number of these up and running through the course of this year to significantly expand this function in our next budget. We will basically have $9 million for the employment specialists' payroll activities in the FY 2001 budget.

The real question we need to determine here is: How many work incentive specialists are we going to need around the country? I don't know the answer to that yet. We need to find out as this new program unfolds what our responsibilities will be in those offices. I think if we look at the Social Security Administration field office structure—claims reps, service reps—this is going to become one of the other key roles. As the Social Security disability system moves from not only handling cases but also to helping people move off our disability rolls, part of our mission internally, part of the culture of the organization, needs to change and that is going to involve the new specialists developing that mission.

Our commitment this year is pilots all around the country; next year we'll expand, but I can't tell you yet what FY 2002 holds. I think we need to get the experience under our belts over the next year and a half about how the culture of our organization changes and how we can provide better service to the public.

CULTURE CHANGE

Mr. HOYER. My next question was going to be on the culture, on the mind-set of how we are going to make all of these requirements work together to facilitate those with disability moving into the work force. Historically we have had counterproductive philosophy that if you—we wanted you to work; as soon as you worked, we dropped all your benefits, obviously a huge disincentive for people to work. Well, on a number of pieces of legislation, we have tried to jettison that philosophy. And I would be very interested in your conclusions as to how the mind-set of the folks who administer these laws is changing, because although we have made changes to the law sometimes, we don't change the mind-set as well, we don't accomplish the objectives of the legislation.

Mr. APFEL. And, Mr. Hoyer, that is the mind-set of the organization and the mind-set of the disability beneficiaries themselves. I have gone all around this country and talked with individuals with disabilities on our rolls. Their central fear is losing their health care coverage. That is one. Secondly, that fear of if I do go back to work and get off of the disability rolls, am I going to have to start all that red tape all over again to get back on? That is going to be incredibly hard.

So implementing the new legislation is not only about the ticket, which would help people provide the rehabilitation services and incentives to be able to return to work. It's also about continued health care coverage, and, third, an easy on/off system so if someone does go off the rolls because of work, and they find themselves not being able to work, they can apply back for benefits and be put back on immediately while we assess their case again so they don't have that long period of time waiting for benefits to be restored. For an individual with disabilities, that fear of the unknown is enormous.

Now, that is how the individual, I think, will be helped. What we need to be able to do—and that is why I think these work incentive outreach grants are so important for us to have—is to get the community-based organizations helping us, partnering with us to provide incentives and get people excited about testing-out going back to work. Our work incentive specialists need to be helping, working with them to try to create a climate for our beneficiaries to be able to test-out going back to work in increasing numbers.

It is culture change for us. It is a legal change which is taking place. It is resources that we would hope we would get to be able to implement this year. It is culture change for us as an organization, and then it is ultimately culture change for individuals. It is a better climate for them to actually return to work.

Mr. HOYER. Thank you very much.

Thank you, Mr. Chairman.

Mr. PORTER. Mr. Hoyer and I have been filibustering here so we could await the arrival of Mrs. Lowey.

SOCIAL SECURITY STATEMENT

Mrs. LOWEY. Well, I have to tell you, Mr. Chairman, I am most appreciative, and I appreciate, Commissioner Apfel, all the good work you are doing. It is a pleasure to be here.

I have been very interested in the public reaction to the arrival in the mailboxes of the Social Security Statement. I think this is an invaluable tool, particularly young people who can use this to plan their retirement.

I have two questions. Number one, what is the reasoning; as a result of the reaction, are you planning to modify the statements at all? Is there additional information that you should be putting in there? I think it is so important that people understand the reality of what this really is and the impact on their lives, and perhaps you could discuss it.

Mr. APFEL. Well, one of the things that I have been the most proud of as Commissioner of Social Security is the Social Security Statement. It has received an overwhelming positive response from a group of our customers, the taxpayers. Not our beneficiaries, because they are not getting Statements, but by the 125 million people who are working in this country. The response has been overwhelmingly positive from workers and overwhelmingly positive from retirement planners in helping them to work with the public to enhance retirement savings. We received an overwhelmingly positive response throughout the public, and I am thrilled about it.

Our preliminary data are showing an increased knowledge about Social Security, how it works, what the key features of Social Security are; also, an increased knowledge that people need to be doing more for their own personal retirement planning, which to me is the single most important variable here. It is not only what Social Security is, a valuable foundation, but what it isn't; it is not the only thing necessary to live an adequate life in retirement.

I can provide this for the record—I just had a briefing on this yesterday. It hasn't gone public yet, so by the time the hearing record gets done, we can provide it for the record. I can provide information on the number of people who have read the Statement and said, "I am going to change my financial planning to provide

more by way of private savings and pensions to prepare for my future." That is significant, if Americans can start using this as a financial planning tool and also can start thinking about what else they need to do for their retirement. And so I am extremely pleased with the results to date.

[The information follows:]

Public Understanding Measurement System (PUMS) II – Social Security Statement

The second PUMS national survey of 4,000 adults (400 per SSA Region) has been completed. The survey included a series of questions related to the Social Security Statement, including ease of use, usefulness, and likelihood to take action.

The survey found that the public is taking action based on the information in the Statement. Individuals who received a Statement report being much more likely to take action to increase their own financial security, as shown by the following results:

- 52.4% (25 million people) report being much more likely to file the Statement with their important records.
- 16.9% (8 million people) report being much more likely to contact the Social Security Administration for more information.
- 13.5% (6.3 million people) report being much more likely to contact a financial advisor.
- 16.1% (7.6 million people) report being much more likely to change their retirement plans.

Other findings of PUMS-II regarding the Social Security Statement are:

The Social Security Statement Increases Knowledge of Social Security

- Receipt of the Statement increased from 20.3% of the public in PUMS-I to 24.2% of the public (about 48 million people).
- Receipt of the Statement is a significant "driver" of Social Security knowledge. 68% of individuals who recalled receiving a Statement were knowledgeable about Social Security, as compared to 53.3% of persons who did not recall receiving a Statement.

Public Awareness of the Statement Increased Significantly

- Awareness of the Statement increased from 49.5% of the public to 62.2% (about 125 million Americans). SSA's public education activities to announce the Statement appear to have been very successful. This is significant because awareness is the first step to knowledge.

The Public Likes the Social Security Statement

The proportion of the public (the 24% or about 48 million people) who recall having received a Social Security Statement had a positive response to it.

- 82.4% (39 million people) report finding the Statement to be very to somewhat useful in increasing their knowledge of benefits that may affect them directly.
- 78.8% (37 million people) report finding the Statement to be very to somewhat useful in helping to determine their level of need for additional sources of retirement income.
- 66.0% (32 million people) report finding the Statement to be very to somewhat useful in helping with their financial planning.
- 83.7% (40 million people) report finding the Statement to be very to somewhat easy to understand.

Additionally, 52.3% (25 million people) report being able to recall the projected amount of their retirement benefit from the Social Security Statement. Of these, over 70% (17 million people) report that their projected retirement benefit met or exceeded their expectations.

MODIFICATIONS TO SOCIAL SECURITY STATEMENT

Mr. APFEL. You also asked, Mrs. Lowey, about whether there will be modifications in the future. We expect about every year to make modifications to strengthen the Statement. What we hear over the year what people need, and we would like to be able to make modifications to that Statement. We have already made some modifications. We added more information about the long-term problem of solvency that Social Security faces, to be able to use it as a device to tell Americans not only what Social Security can provide, but also that there are real challenges out there that we need to face in this country. That was a very good improvement. We will be looking at others in the future.

The General Accounting Office has just made some recommendations. I should point out the General Accounting Office views our Statement as much improved, that it meets its purpose of basic information, but they did make some suggestions we will be looking at this year to improve it as well.

I would say there are some who would like to see us add rate of return information in on the Social Security Statement. I think it is inappropriate on the Social Security Statement. I don't think rate of return is an appropriate calculation for Social Security because it is a social insurance program. So there are some things we will be doing with the Statement, but there are also things that, under my tenure, we certainly will not.

Mrs. LOWEY. I am not sure, I think you just kind of put in there a statement about the concerns of the solvency of Social Security. Certainly in this Congress there are big differences as to how you solve the problems, so what did you put in there? And if you think you are opening a hornet's nest, you can respond to me in writing, but I just wonder.

Mr. APFEL. We thought it was very important to add to the Statement several factors: one, that as of 2015 under intermediate projections, revenues coming into the system will start to be less than the outlays going out of the system, and that by 2034, the Trust Fund will be exhausted and we could pay only about 71 percent of benefits. Those all need to be updated for the new actuary's reports. So we have that information in there.

We also point out that the benefits are based upon current law projections, and that if there are law changes in the future, that could affect what the benefit structure would be. It is not the right place to get into the pros and cons of various solvency proposals, but it is to alert the public that there is a doubling of the aging population in the next 20 years. They need to be aware that there will be changes to the system. It is within that context that we made those changes, and those changes have been widely, positively received.

EFFECT OF ELIMINATION OF RETIREMENT EARNINGS TEST ON DIFFERENT INCOME CATEGORIES

Mrs. LOWEY. Obviously you can tell by my reaction I have questions about that, and perhaps we can discuss it further, but I think there are various levels of expertise on the part of the people who are reading these statements, and although you want to give them

information, since the information changes depending upon the health of the economy, I just wonder the validity of including that information. But we will discuss that.

I am delighted with the whole report, and I think it is a great idea.

Since we have lifted the Social Security earnings provision, I would also be interested, and you can respond to me in writing, is what percentage of the people are in different income categories and how that will be affected by the raising of the limits on—outside income for those on Social Security. I think that will be very interesting to see what percentage of the people are still getting Social Security, and although they may have incomes of $100,000, $200,000, $300,000, as we look at these numbers, I think it would be very relevant. I would be most appreciative of that.

Mr. APFEL. I will provide that for the record.

[The information follows:]

EFFECT OF REPEALING THE RETIREMENT EARNINGS TEST BY INCOME CATEGORIES

The table below describes the effects of the repeal of the retirement earnings test by income category. The first column divides the total number of families with persons age 65–69 into ten equal categories by income. The second column consists of the 1999 income levels (unearned and earned) for those categories. The third column describes the share of net benefits (the increase in Social Security benefits minus the increase in Federal personal income tax on those benefits) for each income category.

If the retirement earnings test exempt amount for beneficiaries age 65 or over had been eliminated in 1999, the aggregate increase in net benefits would have been distributed as follows:

Income decile (families with persons aged 65–69)	1999 income (dollars)	Share of net benefits (percent)
1st	0–9,952	0
2d	9,953–15,145	0
3d	15,146–19,684	0
4th	19,685–24,519	1
5th	24,520–29,916	0
6th	29,917–36,108	4
7th	36,109–43,503	3
8th	43,504–54,699	9
9th	54,700–75,484	23
10th	75,485 and up	59

RESULTS OF CUSTOMER SATISFACTION INDEX SURVEY

Mrs. LOWEY. I know the bell is ringing, and my colleagues were kind enough to wait for me.

I would also be interested in the University of Michigan business school American Customer Satisfaction Index Survey, and perhaps you can tell us how you scored.

Mr. APFEL. Well, one of the recent reports that just came out by the private sector on our service to the public came out a few months ago, the American Customer Satisfaction Index Survey. The survey is conducted by the University of Michigan working with Arthur Andersen and the American Society for Quality. And we were very pleased with the results. We received an 82 percent positive response, which put us at the highest level of all government agencies and about 10 percent above the private sector. So we were very, very pleased with the results from the survey.

They were looking in this first year of the survey at our retirement beneficiaries, and we thought it was important to move beyond retirement. So this year we will be looking at not only retirement, but also our survivors beneficiaries and disability beneficiaries. More and more of our customers will be assessed through this system. I think it is quite important that we do that, both that we continue to get customer reaction, and that, two, we use the private sector to help us show how good a job we do with the American public.

Some of the statistics that were in the report—and I will provide them for the record because I don't have all of them in front of me—but our customer service and courtesy and knowledge levels were 86 percent, very, very high. One of the statistics, regarding how we do about timeliness and appropriateness of payments, we scored a 94 percent. There is almost no one that receives anything in the nineties in these results.

So we have done very, very well in the report, but the reality is that we do face, as I said to Mr. Hoyer, significant challenges in the future to be able to continue to meet customer demands. Customers' expectations are growing over time—more desire for the Internet, more desire for immediate service in the 800-number—and if we are not ready, we could see those numbers decline. I don't want to see that happen. I want to see our numbers improve. We are proud of what we have done, but we have got a lot more to do.

[The information follows:]

AMERICAN CUSTOMER SATISFACTION INDEX (ACSI) SURVEY

SSA received a rating of 82, one of the highest of all participating Federal Agencies and 10 points higher than the comparable private sector index.

The survey is the only uniform, cross-industry measure of the quality of goods and services available in the United States. It is produced through a partnership among the University of Michigan Business School, the American Society for Quality, and Arthur Anderson. The survey focused only on SSA customers who are receiving retirement benefits. Retirement beneficiaries are the Agency's largest customer base, including 27.6 million beneficiaries.

The table below summarizes SSA scores from the survey, including the overall index of 82 percent and the score of 94 percent given SSA for timeliness of monthly benefits. According to ACSI, this is a remarkable achievement for SSA as few scores reach the high 80's, much less the 90s.

ACSI Results

	Percent
Monthly Benefits (Timeliness)	94
Information (Clarity and Usefulness)	79
Customer Service (Accessibility, Courtesy, Professionalism)	86
Customer Expectations (Expected Quality)	73
Perceived Quality (Experienced Quality)	86
Beneficiary Trust (Confidence in Future Service)	79
Customer Complaints	8
SSA ACSI index Rating	82

PREPARING FOR INTERNAL RETIREMENT WAVE

Mrs. LOWEY. Just quickly, because we are running out of time, the last question was exactly related to your last comment. I understand that the administration is facing your own retirement wave in terms of employee retirements just about the same time that your workloads are expected to increase with the baby

boomers. In fact, Ben Cardin, our colleague, raised this issue during the floor debate on the supplemental last month. I don't know if we have time. You could tell us how you are addressing this issue, or you can respond, Mr. Chairman, to us in detail. Maybe just take a minute or so.

Mr. APFEL. I will, Mrs. Lowey.

Mr. Cardin had proposed, and then withdrawn, an amendment to fund the Social Security Administration in the year 2000 at the Commissioner's budget request level. That would have enabled us to bring on a number of new employees to better prepare for the retirement wave that will be hitting us. If we look at our retirement wave internally, it is a daunting task that we face. We see the number of people who will be leaving our agency starting 3 and 4 and 5 and 6 years from now.

We have done two things. One is we have tried to flatten that retirement wave by establishing an early-out program to enable people to retire earlier so we don't have a surge 3 and 4 and 5 years from now. At the same time we have also tried everything that we can to bring on new people in our agency to be ready to deal with this workload that is going to be coming our way. What is interesting is these young people I am seeing in our agency now are going to be the heart of our organization in 5 and 6 and 7 years as this retirement wave passes, so we need to get them in as early as possible to get them trained with new technology to be prepared to deal with the new challenges that we face, and that is what that resource is going to help us do.

Mrs. LOWEY. Thank you very much.

Thank you for your patience, Mr. Chairman.

Mr. PORTER. Thank you, Mrs. Lowey.

Mr. Commissioner, as I said at the opening of the hearing, you do an absolutely marvelous job. You had probably one of the most important jobs in the world. You handle a lot more money than Bill Gates, probably a lot more money than most countries in the world. You have this ongoing need to keep up technologically with all of the developments. You have expectations that are huge among your customer base. You have quasijudicial determinations to be made. You have court cases arising out of that. You have got one of the most interesting jobs around, and you get paid about one half of 1 percent of what Bill Gates makes and probably work harder than he does.

We admire the work that you did, and we admire the work that your people do, and I think the culture and spirit of your agency reflects your own determination to get things right, and we really appreciate your good work there, Ken. Thank you so much.

Mr. APFEL. Mr. Chairman, thank you very much. It has been the honor of my life to be the custodian of this program, and it has been an honor to work with you over the years, and I hope that continues in whatever capacity you find yourself.

Mr. PORTER. Thank you, sir. So do I.

We will have to stand in recess for this vote.

[Recess.]

[The following questions were submitted to be answered for the record:]

AUTOMATION OF THE DISABILITY DETERMINATION SERVICE

Mr. Porter: Previous attempts by the Agency to automate the Disability Determination Services and the disability determination process, including individual folders, have not met with success. What new steps is the Agency taking to automate DDSs?

Explain the new Electronic Folder Implementation Project, including timetables and expected outcomes. Specifically, what information will be included in the folder? How will medical records and CE exams be included? What is the expected impact upon the beneficiary?

How and to what extent does the Agency intend to utilize private contractors to assist with development and implementation of DDS and folder automation?

Mr. Apfel: The majority of the Disability Determination Services (DDS) have been automated since the early to mid-1990s. Hardware and software in the automated DDSs is continuously being upgraded. There are six States that currently are not as fully automated as the other DDSs. The Agency is in the process of procuring the software and hardware to automate the disability process for these DDSs. Installation should be completed by the end of the year.

The Agency is developing an Electronic Disability System (eDib) that will take advantage of the automation already in place in the DDSs through the creation of an electronic disability folder (EDF). The vision for the eDib project is to move towards a totally paperless process. The EDF will allow the electronic exchange of data between other SSA components and the DDSs and allow case processing components to stop relying upon the movement of a paper folder to process disability claims, which should improve processing times by eliminating mail delays, lost material and clerical time that is currently necessary before an examiner can begin working on a claim.

Several pilots are currently underway which will help us better define the specifics necessary for final development and implementation of eDib.

Regarding use of private contractors to assist with the development and implementation of e-Dib, SSA has used private contractors in the past and, to the extent they can help us accomplish our tasks, will continue to use them in the future.

COMMISSIONER'S BYPASS BUDGET

Mr. Porter: Commissioner, under law, you submit a "bypass" budget directly to the Congress. Could you discuss the major differences between your "bypass budget" and the President's request?

Mr. Apfel: My Commissioner's FY 2001 budget is $7.466 billion for SSA's administrative expenses, including $7.356 billion for the Limitation on Administrative Expenses (LAE) account. It funds a modest staffing increase over the FY 2000 level, and an increase of nearly 1,600 workyears from FY 2000 for SSA and the State Disability Determination Services (DDSs). This increase would be directed to reducing postentitlement backlogs, to maintaining service levels in our field offices and the DDSs, and to implementing recently enacted legislation, mainly return-to-work. The Commissioner's budget also includes a proposed $40 million Capital Investment Fund (CIF), intended to avoid future funding spikes by beginning to build a reserve for future information technology and other infrastructure requirements.

The President's budget request for the LAE account is $7.134 billion, a five-percent increase over the budgetary resources available for FY 2000. This funding level will enable SSA to process substantial day-to-day workloads and to maintain a level full-time permanent workforce by covering mandatory cost increases, such as Federal and State pay raises and higher medical evidence costs. In addition, the budget includes $58 million for the new return-to-work legislation and includes funding for SSA's other important strategic initiatives, such as the Hearing Process Improvement Plan. However, when compared to the Commissioner's budget, it will fund about 3,200 fewer workyears, so staffing will not increase and overtime will be cut from the FY 2000 level. Despite fewer workyears, SSA will be able to process more work in FY 2001 than in FY 2000, but we will not be able to process as many new disability claims, postentitlement workloads, and SSI redeterminations in the President's budget when compared with the Commissioner's budget, and backlogs will grow in some areas.

It's very important to understand that SSA's administrative budget is the cost of its people—salaries and benefits account for about 75 percent and the rest covers space, postage, telecommunications and other things that support our employees. So a budget reduction generally means fewer people (or overtime), which means less work gets done.

SSA's LAE budget must compete with many national priorities. Within the Administration and the Congress, hard decisions have to be made on the distribution of finite resources. The President's budget is the result of months of negotiations. The President faces constraints that require him to choose among competing priorities to keep the overall Federal budget in balance. It is clear that the President strongly supports SSA and its mission, including the stabilized staffing reflected in his request. The President's budget was arrived at with my support.

The following table summarizes resources and key workload and performance indicators in the FY 2001 Commissioner's budget and in the President's budget as well as for FY 2000.

	FY 2000 Enacted Appropriation	FY 2001 President's Budget	FY 2001 Commissioner's Budget
RESOURCES ($ in millions)			
Limitation on Administrative Expenses [1]	$6,782	$7,134	$7,356
SSA/OIG Workyears	65,203	63,831	66,300
DDS Workyears	14,330	14,015	14,800
Total SSA and DDS Workyears	79,533	77,846	81,100
SSA/OIG FTEs	63,350	63,140	64,049
SSA FTP On-Duty, End-of-Year	60,000	60,000	60,400
SELECTED WORKLOAD AND PERFORMANCE MEASURES			
800-Number Calls Handled (millions)	57	57	60
800-Number 5-Minute Access Rate	92%	92%	95%
Retirement and Survivors Claims Processed (thousands)	3,044	3,083	3,083
Initial Disability Claims Processed (thousands)	1,975	2,057	2,201
Initial Disability Claims Pending (thousands)	535	562	526
Hearings Processed (thousands)	585	582	601
Hearings Pending (thousands)	240	191	178
Periodic Continuing Disability Reviews (CDRs) Processed (thousands)	1,804	1,729	1,729
Supplemental Security Income (SSI) Non-Disability Redeterminations Processed (thousands)	2,025	2,050	2,266
Total Social Security Statements Issued (millions)	126	126	126
Annual Earnings Items Processed (millions)	259	259	259
Social Security Numbers Issued (millions)	16	16	16

[1] FY 2000 includes $210 million carried over from unobligated FY 1999 funds as follows: $100 million redirected from the Automation Investment Fund; $90 million from base resources; and $20 million from 2-year continuing disability review funding.

OVERTIME

Mr. Porter: As I review your budget, you requested a budget with about 2,000 workyears of overtime and the President's budget actually provides 500 workyears. As I understand it, funding at the Administration's request will allow 100,000 fewer SSI redeterminations. I assume that the failure to review these cases will cost both the general fund and the trust funds substantial funds.

For your major activities under OASI, DI and SSI, can you give us data on the cost to the trust funds and general funds in terms of benefit losses if we fund the programs at a freeze and at the President's request?

Mr. Apfel: The FY 2001 President's budget is about $230 million less than my Commissioner's budget, while a freeze at the FY 2000 level would represent a reduction of nearly $800 million. Clearly, less money means less work gets done. With significant reductions, decisions would need to be made to balance our service delivery activities against the amount of time we devote to our program integrity efforts, where the investment of administrative resources saves benefit dollars.

To illustrate such an impact on our program integrity work, the number of SSI redeterminations funded in the FY 2001 President's budget is about 200,000 less that the Commissioner's budget request. SSA would cut back on redetermination cases with a lower error profile, costing the general fund an estimated $130 million in overpayments.

The impact of a freeze at the FY 2000 level would be even more significant, since the resulting chaos (hiring freeze, employee furloughs, no overtime) also would affect our ability to process continuing disability reviews (CDR). Again, decisions would need to be made on how best to balance things out. If I assume that we process, for example, 600,000 fewer redeterminations and 200,000 fewer CDRs, it could mean a program loss of well over $1 billion.

CONSULTATIVE EXAMS

Mr. Porter: Consultative Exams (CE) are an important part of ensuring that the correct decision is made regarding eligibility for disability benefits. The Committee is interested in more information regarding CEs. What were the number of Consultative Exams performed, by State, in recent years and the type of Consultative Exams performed (initial or Continuing Disability Reviews (CDRs))?

Mr. Apfel: The following two charts detail by fiscal year (FY) and by State the number of cases in which at least one consultative examination (CE) was purchased and the resultant overall CE rate for each State. We do not gather management information on the number of CEs purchased.

NUMBER OF CASES FOR WHICH CONSULTATIVE EXAMINATIONS WERE PURCHASED

	FY 1998	FY 1999	FY 2000 (6 Months)
NATIONAL	**1,589,672**	**1,719,836**	**790,961**
BO REG	**41,050**	**44,211**	**23,198**
CT	10,357	10,211	5,062
ME	4,145	3,689	1,778
MA	16,728	20,350	11,578
NH	2,945	3,016	1,485
RI	4,969	4,854	2,422
VT	1,906	2,091	873
NY REG	**208,545**	**230,583**	**111,067**
NJ	27,707	33,361	12,917
NY	157,321	172,802	86,022
PR	23,517	24,420	12,128
PH REG	**136,132**	**148,862**	**66,927**
DE	2,618	2,614	1,137
DC	5,079	5,559	2,291
MD	21,306	24,222	9,084
PA	69,288	75,556	34,580
VA	20,737	23,051	10,076
WV	17,104	17,860	9,759
AT REG	**365,036**	**395,828**	**185,309**
AL	39,825	43,994	20,191
FL	90,207	95,124	49,701
GA	51,128	55,112	25,752
KY	38,387	41,805	21,042
MS	30,337	32,305	14,027
NC	41,572	44,775	18,893
SC VR	23,786	28,535	12,088
SC BL	54	68	30
TN	49,740	54,110	23,585
CH REG	**281,139**	**284,704**	**129,138**
IL	78,397	77,336	33,047
IN	38,613	37,565	20,517
MI	66,716	70,192	25,447
MN	14,299	14,852	7,372
OH	68,007	67,869	34,067
WI	15,107	16,890	8,688
DA REG	**183,561**	**204,317**	**93,567**
AR	20,950	23,585	10,688
LA	47,764	56,087	21,607
NM	10,261	9,271	4,402
OK	24,843	26,979	11,995
TX	79,743	88,395	44,875
KC REG	**77,307**	**83,837**	**33,379**
IA	11,212	13,251	5,012
KS	12,191	14,330	6,745
MO	47,221	49,741	18,559
NE	6,683	6,515	3,063
DE REG	**32,102**	**34,426**	**14,949**
CO	15,387	16,887	7,612
MT	4,521	4,606	1,831
ND	1,211	1,269	679
SD	2,135	2,391	1,055
UT	6,813	7,277	3,114
WY	2,035	1,996	658
SF REG	**221,196**	**243,594**	**111,292**
AZ	21,920	23,244	12,042
CA	191,944	212,496	94,991
GU	35	53	24
HI	2,115	2,548	1,380
NV	5,182	5,253	2,855
SE REG	**43,604**	**49,474**	**22,136**
AK	2,278	2,474	837
ID	4,569	4,704	2,454
OR	13,021	14,405	7,144
WA	23,736	27,891	11,700

CONSULTATIVE EXAMINATION RATE

	FY 1998	FY 1999	FY 2000 (6 Months)
NATIONAL	**41.9%**	**44.7%**	**43.6%**
BO REG	**25.9%**	**27.9%**	**28.8%**
CT	32.0%	33.0%	32.2%
ME	22.3%	19.7%	18.9%
MA	21.7%	26.0%	28.3%
NH	31.3%	31.9%	35.3%
RI	36.1%	35.4%	35.3%
VT	25.9%	28.2%	25.5%
NY REG	**44.7%**	**46.4%**	**47.6%**
NJ	37.6%	41.6%	37.2%
NY	44.1%	45.7%	48.2%
PR	65.1%	63.2%	60.6%
PH REG	**35.7%**	**38.8%**	**38.3%**
DE	29.2%	28.8%	28.1%
DC	56.1%	57.4%	60.6%
MD	37.6%	41.7%	31.4%
PA	40.0%	43.6%	47.2%
VA	24.2%	26.8%	24.6%
WV	35.5%	37.9%	40.5%
AT REG	**41.1%**	**44.0%**	**43.0%**
AL	42.2%	45.7%	50.0%
FL	40.0%	45.0%	44.2%
GA	43.8%	45.5%	48.9%
KY	43.5%	44.1%	42.8%
MS	41.9%	43.2%	35.9%
NC	33.0%	35.7%	34.5%
SC VR	39.7%	41.8%	36.5%
SC BL	13.2%	13.5%	12.5%
TN	47.4%	50.9%	48.1%
CH REG	**45.5%**	**47.7%**	**46.8%**
IL	51.2%	52.1%	47.0%
IN	56.1%	55.7%	57.3%
MI	45.1%	51.5%	51.2%
MN	35.7%	37.7%	38.2%
OH	44.6%	46.1%	46.9%
WI	27.5%	29.4%	31.1%
DA REG	**39.7%**	**42.7%**	**42.5%**
AR	38.1%	38.9%	36.8%
LA	48.4%	54.0%	54.2%
NM	44.6%	40.5%	37.3%
OK	52.8%	54.9%	51.2%
TX	33.4%	36.6%	38.7%
KC REG	**47.2%**	**51.2%**	**48.2%**
IA	43.6%	45.9%	36.0%
KS	41.6%	47.5%	40.8%
MO	51.8%	55.6%	54.0%
NE	37.9%	42.1%	41.5%
DE REG	**41.1%**	**41.6%**	**38.8%**
CO	43.6%	44.9%	47.5%
MT	39.7%	39.2%	34.9%
ND	24.7%	22.9%	23.2%
SD	28.7%	30.4%	27.7%
UT	46.8%	47.0%	36.1%
WY	44.6%	44.3%	35.9%
SF REG	**47.5%**	**52.1%**	**49.4%**
AZ	43.9%	44.9%	44.2%
CA	49.0%	54.7%	51.7%
GU	17.9%	24.9%	18.8%
HI	24.1%	25.7%	29.6%
NV	33.7%	31.2%	30.3%
SE REG	**39.8%**	**42.0%**	**36.8%**
AK	41.0%	43.2%	40.1%
ID	33.0%	34.2%	39.6%
OR	36.6%	39.5%	36.9%
WA	43.5%	45.0%	34.2%

Regarding the types of cases for which CEs were purchased, the information follows:

	FY 1998	FY 1999	FY 2000 (6 mos)
Initial Cases with CE	986,071	1,058,972	506,841
Initial CE Rate	48.7%	51.5%	50.8%
CDRs with CE	352,713	414,867	174,584
CDR CE Rate	49.9%	50.6%	44.6%
Other Cases with CE	250,853	245,944	109,512
Other Case CE Rate	23.6%	25.4%	25.8%
Total Cases with CE	**1,589,672**	**1,719,836**	**790,961**
Total Case CE Rate	**41.9%**	**44.7%**	**43.6%**

Mr. Porter: How is the number of Consultative Exams expected to change over the next 5 years?

Mr. Apfel: Our FY 2001 President's budget request which is currently before Congress estimates 1.611 million CEs in FY 2000 and 1.737 million CEs in FY 2001. The President's budget request did not contain any estimates past FY 2001.

Mr. Porter: What does the FY 2001 budget include for CEs? How does this compare to previous years?

Mr. Apfel: The FY 2001 budget estimates $332 million for CE costs as compared to an estimated $314 million in FY 2000, $316 million FY 1999, and $287 million in FY 1998.

Mr. Porter: Is the budget based solely on the annual number of CEs or is the complexity of cases (CDRs v. initials) considered in budget development?

Mr. Apfel: In formulating the budget, the workloads are broken down by type of case (initial, reconsideration, CDR, etc.) and by title (title II, title XVI, concurrent). Although the CEs are estimated using an overall rate per case, that rate is adjusted each year to consider the individual rates by type of case and any changes to the mix of the workloads.

Mr. Porter: What is the Agency's policy re: payment of CEs? If payments for services are based on full Medicare rates, why is there such diversity among State Disability Determination Services regarding payment of CEs?

Mr. Apfel: CE payments are not based on full Medicare rates. According to 20 CFR Section 404.1624, each State determines its CE fees. The fees may not exceed the highest rates paid by Federal or other agencies in the State for the same or similar types of services.

Mr. Porter: If SSA paid all CEs at the Medicare rate, what would be the budget impact?

Mr. Apfel: Each State has its own fee schedule. We are not certain how these individual State fee schedules compare to the Medicare rates. We assume some States' fee schedules would show higher costs and some would show lower costs.

COST TO IMPLEMENT REPEAL OF THE RETIREMENT EARNINGS TEST AT NORMAL RETIREMENT AGE

Mr. Obey: I understand the Administration has submitted a request to include $35 million in the FY 2000 supplemental to enable SSA to implement the recently passed legislation, which would repeal the retirement earnings test. Can you explain why this will cost $35 million dollars, and what the consequences would be if these funds are not provided soon in a supplemental?

Mr. Apfel: There are significant costs associated with implementing the legislation, which repeals the retirement earnings test for beneficiaries at normal retirement age. SSA must act very quickly to ensure that 900,000 Americans receive an estimated $6 billion in benefits this year as a result of the new law. We need to notify and issue retroactive payments to about 400,000 current beneficiaries (of the 800,000 who will be affected this year) whose benefits already have been withheld since January because of the earnings test. We expect to respond to more than 1 million inquiries from current beneficiaries and from the public regarding the changes. We expect to process an estimated 100,000 new claims from people who have not filed previously for benefits because they were working. (These are people who otherwise would have delayed filing until they stopped work.) In addition, we intend to issue a general notice to some 9 million beneficiaries in current pay status who are ages 65 through 69 and who are not working or who are working below the earnings cap. This notice, which will be mailed on a staggered basis beginning late May and continuing through mid-June, will advise this group of the change in the law so they can decide if they want to (increase) work.

Additional costs associated with implementing the new legislation include intensive programming of the complex systems modifications which must be made to accomplish the change, training of thousands of public contact employees on the new law (including lost production time while the training is underway), and updating, printing and distributing public information materials.

If an additional $35 million is not available, implementation costs may need to be absorbed at the expense of other work. With the expected spike in new retirement claims, appointment calendars in the field will back up so that claimants will have to wait longer to file their claims. This, in turn, will delay their receipt of benefits. Overtime resources are needed to extend appointment hours into the evening, and even to Saturdays, to keep up with these claims.

The existing workloads that will be diverted are "discretionary" workloads, such as earnings record corrections, overpayments and SSI redeterminations. They are discretionary in the sense that the public will not complain if SSA, for example, does not identify/collect overpayments or lower benefits as a result of a change in living arrangements. These are many of the same workloads that SSA must process to address "high risk" SSI issues.

In addition, 800-number service levels will decline. Most of the 1 million+ inquiries will be received within a 2 - 3 month period. Without additional overtime, we will have limited ability to put additional processing center employees (SPIKE employees) on the phones because these are the same employees who must process the manual fallout from the payment of the retroactive benefits.

Because systems resources are being redirected from scheduled work in order to implement the change to the RET provision, currently planned automation projects—and thus the future-year savings attributable to them—may be delayed. For example, programmers dedicated to the title II software redesign initiative must be temporarily diverted to the RET reprogramming effort. This may well affect our performance in FY 2001 and beyond.

IMPACT OF WORKYEAR REDUCTIONS

Mr. Obey: I know that for Social Security, the amount of work you can do is directly related to the amount of staffing in your Agency. The total workyears available have declined by 2 percent in 2000 (from 81,070 in 1999 to 79,533 in 2000) and will decline another 2 percent under the President's 2001 budget request (to 77,846 in 2001). What is the impact of these reductions?

Mr. Apfel: SSA's budget is workload based. The largest share of our administrative expenses is for the cost of salaries and benefits for employees who process the tremendous workloads of the Agency. The level of funding we have directly determines the number of employees SSA can hire and the level of overtime and full-time equivalent workyears we can pay for; and the level of staffing and workyears we can fund directly determines the amount of work we can do.

Although productivity improvements will allow us to process more work in FY 2001 than in FY 2000, the impact of the workyear reductions is that in certain areas, such as initial disability claims and some postentitlement workloads (e.g., overpayments, status changes), we won't be able to keep up with workload receipts and backlogs will grow. In other areas, performance is expected to decline from FY 1999 to FY 2000 but will be maintained at the FY 2000 levels if the President's FY 2001 budget is enacted. For FY 2000, SSA has budgeted fewer SSI redeterminations than we processed in FY 1999; but we are planning to increase the number of SSI redeterminations in FY 2001 by 25,000 from the FY 2000 level. In addition, SSA has lowered the 5-minute access rate on the 800-number from 95 percent to 92 percent in FY 2000, in order to balance demands on the 800-number with other workloads in our program service centers. In FY 2001, we plan to maintain the 5-minute access rate at 92 percent.

COMMISSIONER'S BUDGET

Mr. Obey: The Commissioner's bypass budget is $229 million higher in FY 2001 compared to the President's request, and would support an additional 3,254 workyears—about the same number of workyears as you had in 1999. How do you quantify the difference this higher budget would make in terms of your performance measures and service to the public?

Mr. Apfel: This higher budget would enable SSA to increase the volume of workloads processed and improve service delivery. For example, workyears funded in the Commissioner's budget would enable SSA to process more disability claims and appeals

and reduce backlogs of postentitlement work. In addition, the Commissioner's budget would fund additional SSI redeterminations and improved service on SSA's 800-number.

The following table summarizes selected workload and performance measures for the Commissioner's and President's budgets for FY 2001 and for the FY 2000 enacted funding level.

RESOURCES ($ in millions)	FY 2000 Enacted Appropriation	FY 2001 President's Budget	FY 2001 Commissioner's Budget
Limitation on Administrative Expenses [1/]	$6,782	$7,134	$7,356
SSA/OIG Workyears	65,203	63,831	66,300
DDS Workyears	14,330	14,015	14,800
Total SSA and DDS Workyears	79,533	77,846	81,100
SSA/OIG FTEs	63,350	63,140	64,049
SSA FTP On-Duty, End-of-Year	60,000	60,000	60,400
SELECTED WORKLOAD AND PERFORMANCE MEASURES			
800-Number Calls Handled (millions)	57	57	60
800-Number 5-Minute Access Rate	92%	92%	95%
Retirement and Survivors Claims Processed (thousands)	3,044	3,083	3,083
Initial Disability Claims Processed (thousands)	1,975	2,057	2,201
Initial Disability Claims Pending (thousands)	535	562	526
Hearings Processed (thousands)	585	582	601
Hearings Pending (thousands)	240	191	178
Periodic Continuing Disability Reviews (CDRs) Processed (thousands)	1,804	1,729	1,729
Supplemental Security Income (SSI) Non-Disability Redeterminations Processed (thousands)	2,025	2,050	2,266
Total Social Security Statements Issued (millions)	126	126	126
Annual Earnings Items Processed (millions)	259	259	259
Social Security Numbers Issued (millions)	16	16	16

[1/] FY 2000 includes $210 million carried over from unobligated FY 1999 funds as follows: $100 million redirected from the Automation Investment Fund; $90 million from base resources; and $20 million from 2-year continuing disability review funding.

BABY BOOMERS AND ADMINISTRATIVE BUDGET WORKLOADS

Mr. Obey: As we see the baby boomers starting to retire later this decade, what sort of workload is coming at your Agency, and what will be the practical impact if we don't start preparing for that workload with more realistic administrative budgets right now?

Mr. Apfel: Over the next ten years, applications for retirement and survivors (RSI) benefits and disability benefits will increase dramatically. We expect RSI claims to increase by over 20 percent and disability claims to increase by over 30 percent. Our beneficiary rolls are expected to increase by about 20 percent over the same period, increasing the work that we must do to maintain beneficiary records.

At the same time we are seeing this significant growth in our workloads, a large number of our most experienced employees will be retiring. We expect to lose nearly half of our current employees between 1999 and 2010, with retirements reaching a peak in fiscal years 2007 through 2009. The majority of the losses will impact the experienced front-line employees who provide direct service to the public.

We need to flatten the expected retirement wave and begin now to hire and train individuals who will be able to carry out the work of the Agency. Ensuring that new employees are adequately trained and mentored to provide high-quality customer service will be difficult, if there is no period of overlap with experienced employees prior to their

retirements. If we don't start preparing now to replace the individuals who will be leaving, our service to the public will be potentially compromised.

REPEAL OF DELAYED SSI PAYMENT FOR OCTOBER 2000

Mr. Obey: The budget proposes to shift the last SSI payment of this year from October 2, 2000 to September 29, 2000, which shifts $2.4 billion from FY 2001 back to FY 2000. What is the latest date that this provision can be enacted in order for SSA and Treasury to have enough time to actually move up that payment?

Mr. Apfel: For SSA and Treasury to move up the payment date, legislation would need to be enacted by mid-August 2000.



SOCIAL SECURITY ADMINISTRATION

FISCAL YEAR

2001

Justification of Estimates for Appropriations Committees

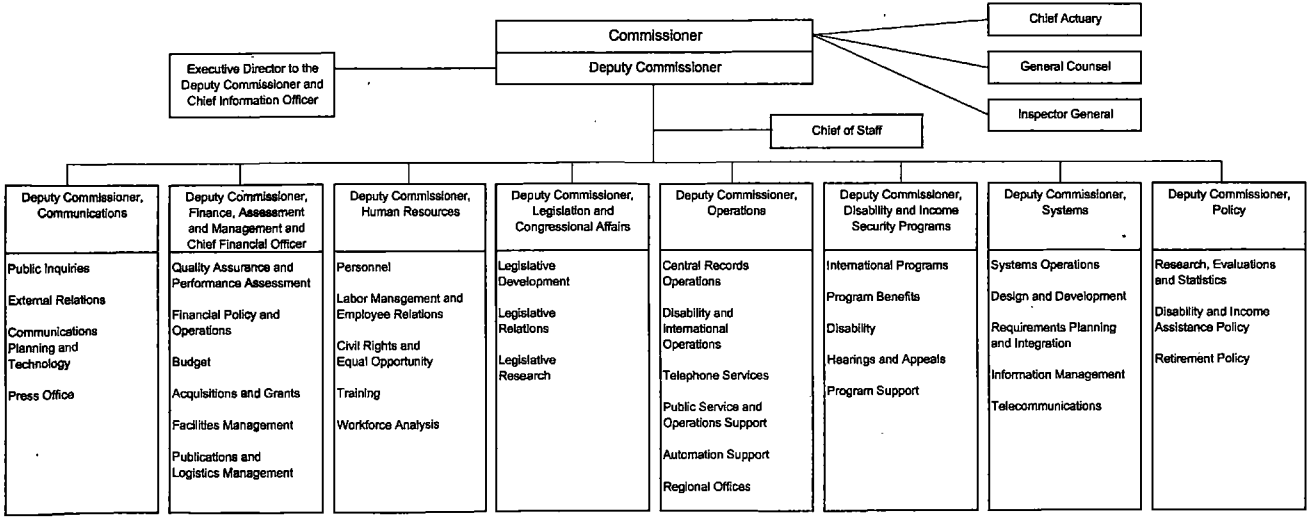
SOCIAL SECURITY ADMINISTRATION

FY 2001	FTE	Amount
Payments to Social Security Trust Funds		
FY 2001 Request	—	$20,400,000
Special Benefits for Disabled Coal Miners		
FY 2001 Request	—	$489,748,000 [1]
FY 2002 First Quarter Advance	—	$114,000,000
Supplemental Security Income Program		
FY 2001 Request	—	$33,153,000,000 [2]
FY 2002 First Quarter Advance	—	$10,470,000,000
Limitation on Administrative Expenses		
FY 2001 Request	62,256	$7,134,000,000
Office of the Inspector General		
FY 2001 Request	584	$73,000,000

[1] Includes $124,000,000 previously appropriated as a first quarter advance for FY 2001.

[2] Includes $9,890,000,000 previously appropriated as a first quarter advance for FY 2001.

SOCIAL SECURITY ADMINISTRATION



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SOCIAL SECURITY ADMINISTRATION

Payments to Social Security Trust Funds

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SOCIAL SECURITY ADMINISTRATION

Payments to Social Security Trust Funds

For payment to the Federal Old-Age and Survivors Insurance and the Federal Disability Insurance trust funds, as provided under sections 201(m), 228(g), and 1131(b)(2) of the Social Security Act, [$20,764,000] *$20,400,000. (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2000, as enacted by section 1000(a)(4) of the Consolidated Appropriations Act, 2000 (P.L. 106-113).)*

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Payments to Social Security Trust Funds

Amounts Available for Obligation

	1999 Actual	2000 Current Estimate	2001 Estimate
Appropriation			
Annual	$19,689,000	$20,764,000	$20,400,000
Permanent	$10,810,149,000	$11,650,000,000	$10,965,000,000
Subtotal, adjusted appropriation	$10,829,838,000	$11,670,764,000	$10,985,400,000
Unobligated balance, start-of-year	$16,424,363	$16,106,108	$15,306,108
Recovery of prior year obligations	$15,584	---	---
Unobligated balance, end-of-year	-$16,106,108	-$15,306,108	-$15,006,108
Unobligated balance, lapsing	-6,601,474	---	---
Total obligations	$10,823,570,365	$11,671,564,000	$10,985,700,000

Payments to Social Security Trust Funds

Summary of Changes
(Annual Appropriation)

FY 2000 Regular Request	$20,764,000
(Obligations)	($21,564,000)
FY 2001 Request	$20,400,000
(Obligations)	($20,700,000)
Net change	-$364,000
(Obligations)	(-$864,000)

	FY 2000 Current Estimate Base	Change from Base
Increases		
Pension reform—reflects a growing volume of pension coverage reports	$3,400,000	+$3,000,000
Total increases		+$3,000,000
Decreases		
Special payments for certain uninsured persons--reflects a decreasing beneficiary population, coupled with the effect of returned checks and overpayment collections	$364,000	-$364,000
Unnegotiated checks—reflects the decrease in paper check payments as more beneficiaries opt for direct deposit of benefits	$17,000,000	-$3,000,000
Total decreases		-$3,364,000
Net change		-$364,000

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Payments to Social Security Trust Funds

Budget Authority by Activity
(Dollars in thousands)

	1999 Actual	2000 Current Estimate	2001 Estimate
Current Authority			
Special payments for certain uninsured persons	$689	$364	—
(Obligations)	($689)	($364)	(—)
Pension reform	2,000	3,400	6,400
(Obligations)	(2,000)	(3,400)	(6,400)
Unnegotiated checks	17,000	17,000	14,000
(Obligations)	(10,399)	(17,000)	(14,000)
Coal industry retiree [1] health benefits	—	—	—
(Obligations)	(334)	(800)	(300)
Subtotal, current authority	$19,689	$20,764	$20,400
(Obligations)	($13,422)	($21,564)	($20,700)
Permanent Authority			
Reimbursement for union administrative expenses [2]	6,149	8,000	—
(Obligations)	(6,149)	(8,000)	(—)
Income tax equivalents, benefits	10,662,000	11,496,000	10,812,000
(Obligations)	(10,662,000)	(11,496,000)	(10,812,000)
Income tax equivalents, nonresident aliens	142,000	146,000	153,000
(Obligations)	(142,000)	(146,000)	(153,000)
Subtotal, permanent authority	$10,810,149	$11,650,000	$10,965,000
(Obligations)	($10,810,149)	($11,650,000)	($10,965,000)
Total budget authority	$10,829,838	$11,670,764	$10,985,400
(Obligations)	($10,823,570) [3]	($11,671,564)	($10,985,700)

[1] Budget authority from prior years will remain available until expended to reimburse the trust funds for administrative expenses to carry out §19141 of the Energy Policy Act of 1992.

[2] This new activity is incorrectly included with income tax equivalents-benefits in the FY 1999 column of the FY 2001 President's Budget Appendix technical schedules, but not shown anywhere for FY 2000. This table reflects the proper distribution for FY 1999 and the proper totals for each fiscal year.

[3] Total does not add due to rounding.

Payments to Social Security Trust Funds

Budget Authority by Object

	2000 Current Estimate	2001 Estimate	Increase or Decrease
Insurance claims and indemnities	$11,659,364,000	$10,979,000,000	-$680,364,000
Other services [1]	11,400,000	6,400,000	-5,000,000
Total, budget authority by object	$11,670,764,000	$10,985,400,000	-$685,364,000

[1] The Budget Appendix incorrectly displays obligations for other services as $3 million for FY 1999 and FY 2000. The new union administrative expense reimbursement activity was not included as it should have been. The correct series is $9 million for FY 1999 and $11 million for FY 2000.

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Payments to Social Security Trust Funds

Authorizing Legislation

Payments to Social Security Trust Funds Activity	2000 Amount Authorized	2000 Current Estimate	2001 Amount Authorized	2001 Budget Request
1. Special payments for certain uninsured persons (Prouty): Social Security Act (S.S. Act), section 228(g)	Indefinite	$364,000	Indefinite	—
2. Pension reform: S.S. Act, section 1131(b)(2)	Indefinite	$3,400,000	Indefinite	$6,400,000
3. Unnegotiated checks: S.S. Act, section 201(m); Social Security Amendments of 1983, section 152	Indefinite	$17,000,000	Indefinite	$14,000,000
4. Coal industry retiree health benefits: Internal Revenue Code of 1986, section 9704 and 9706: Energy Policy Act 1992, section 19141	Indefinite	—	Indefinite	—
Subtotal, annual appropriation		$20,764,000		$20,400,000
5. Reimbursement for union administrative expenses: FY 2000 Social Security Appropriations Act, section 1000(a)(4)	Indefinite	$8,000,000	—	—
6. Income tax equivalents, benefits: Social Security Amendments of 1983, section 121	Permanent Indefinite	$11,496,000,000	Permanent Indefinite	$10,812,000,000
7. Income tax equivalents, nonresident aliens: Social Security Amendments of 1983, section 121	Permanent Indefinite	— $146,000,000	Permanent Indefinite	— $153,000,000
Total appropriation		$11,670,764,000		$10,985,400,000

Payments to Social Security Trust Funds

Appropriation History Table
(Annual Appropriation)

Fiscal Year	Budget Estimate To Congress	House Allowance	Senate Allowance	Appropriation
1992	$40,968,000	$40,968,000	$40,968,000	$40,968,000
1993	$35,242,000	$35,242,000	$35,242,000	$35,242,000
Supplemental	$10,000,000 [1]	$10,000,000	$10,000,000	$10,000,000
1994	$28,178,000	$28,178,000	$28,178,000	$28,178,000
1995	$25,094,000 [2]	$25,094,000	$25,094,000	$25,094,000
1996	$32,641,000	$32,641,000	$32,641,000	$32,641,000
1997	$30,923,000	$30,923,000	$30,923,000	$30,923,000
1998	$20,308,000	$20,308,000	$20,308,000	$20,308,000
1999	$19,689,000	$19,689,000	$19,689,000	$19,689,000
2000	$20,764,000	$20,764,000	$20,764,000	$20,764,000
2001	$20,400,000			

[1] The supplemental request for FY 1993 is for the reimbursement of the trust funds for the administrative expenses which are authorized to be expended from the Limitation on Administrative Expenses account to carry out the responsibilities assigned to the Secretary of Health and Human Services under the Internal Revenue Code of 1986, sections 9704 and 9706, as amended by section 19141 of the Energy Policy Act of 1992.

[2] The FY 1995 appropriation request does not include $1,250,000 in no-year funds transferred from the Executive Office of the President for SSA's costs related to the damages from the January 1994 earthquake in Southern California and other disasters.

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Payments to Social Security Trust Funds

Justification

	2000 Current Estimate	2001 Estimate	Increase or Decrease
Appropriation request	$20,764,000	$20,400,000	-$364,000
(Obligations)	($21,564,000)	($20,700,000)	(-$864,000)

General Statement

This account includes several Federal fund payments to the Social Security trust funds for a variety of distinct purposes. Amounts appropriated to this account as permanent indefinite authority that are not addressed in this justification include receipts from Federal income taxation of Social Security benefits and reimbursement for union administrative expenses.[1] The three payments included in this appropriation request are authorized to be appropriated annually. The purpose of each requested payment is to put the trust funds in the same financial position they would have been in had they not borne the cost of certain benefits or administrative expenses which are chargeable to Federal funds. These three payments are for: special payments to certain uninsured persons; pension reform; and interest on unnegotiated checks.

The President's appropriation request of $20,400,000 in FY 2001 for this account represents current law requirements. No proposed law amounts are included.

[1] A brief description of the payments included in this account as permanent indefinite appropriations follows. The Social Security Amendments of 1983 provide for taxation of up to one-half of Social Security benefits in excess of certain income thresholds. The Omnibus Reconciliation Act of 1993, P.L. 103-66, amended this provision so that up to 85 percent of benefits could be subject to taxation. The additional amounts collected from the 1993 taxation provision are paid to the Hospital Insurance Trust Fund; no additional income is due the Social Security trust funds as a result of the enactment of the 1993 law.

The taxes are collected as Federal income taxes; then an equivalent payment to the Social Security trust funds is made from the general funds of the Treasury. Transfers of estimated aggregate tax liabilities arising from Social Security benefits of U.S. citizens are made quarterly and then adjusted as actual receipts are known. The estimated income from these taxes is $11,496 million in FY 2000 and $10,812 million in FY 2001 from U.S. citizens; taxes imposed on aliens are transferred monthly and will generate estimated income of $146 million in FY 2000, and $153 million in FY 2001. The estimates for taxation of benefits reflect normal growth related to benefit levels. The estimated FY 2000 income from taxes on benefits of U.S. citizens is higher than that for FY 2001 because the first quarterly payment for FY 2000 included an upward adjustment for actual taxes for the fourth quarter of FY 1999. The same situation occurred in the last several years as revenues continued to grow faster than had been projected.

The FY 2000 appropriation for the Social Security Administration's Limitation on Administrative Expenses account contained in P.L. 106-113 included language authorizing reimbursement to the trust funds from general funds of the Treasury, with interest, for certain administrative expenses incurred in support of union activities.

Payments to Social Security Trust Funds

Special Payments for Certain Uninsured Persons

Authorizing Legislation: Section 228(g) of the Social Security Act.

	1999 Actual	2000 Current Estimate	2001 Estimate	Increase or Decrease
Budget authority.....	$689,000	$364,000	---	-$364,000

Purpose and Method of Operation

The purpose of this payment is to reimburse the Federal Old-Age and Survivors Insurance (OASI) trust fund for the costs of special payments made to certain persons who were not insured for regular Social Security benefits. Section 228(g) of the Social Security Act, as amended, authorizes an annual appropriation of Federal funds to reimburse the OASI trust fund (with interest) for special monthly benefits paid during the second preceding fiscal year to persons with fewer than three quarters of coverage. No reimbursement is due in FY 2001 because actual Prouty benefits paid during FY 1999 were exceeded by the value of returned checks and overpayment collections.

Benefits were authorized in a 1966 amendment to the Social Security Act (the Prouty amendment) providing for special payments to persons aged 72 and over who were too elderly to have worked long enough after passage of the Act to be insured for Social Security benefits. To be eligible under the Prouty amendment, an individual must have attained age 72 before 1968, or meet certain minimal insured-status requirements if he or she attained age 72 in 1968 or later. In 1999, the maximum benefit amount was $205.70. For individuals receiving a government pension, payments under a federally-aided public assistance program, or payments under the Supplemental Security Income program, Prouty benefits are reduced or withheld, as required by law. The number of persons receiving benefits under the Prouty amendment has been decreasing gradually as the size of the aged population meeting the eligibility requirements decreases. As of September 30, 1999, there were 164 persons receiving benefits under this program, as compared to 269 on September 30, 1998.

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Special payments made to persons with three or more quarters of coverage are funded from the trust funds and not reimbursed from general revenues. Of the total number of Prouty beneficiaries, approximately 89 percent received benefits based on fewer than three quarters of coverage.

Funding levels for the past 5 years were as follows:

Fiscal Year	Obligations
1996	$4,541,000
1997	$2,823,000
1998	$1,808,000
1999	$689,000
2000 (estimate)	$364,000

Rationale for the Budget Request

The FY 2001 President's budget makes no request for reimbursement funds. In prior years, program costs included benefit payments actually made, related administrative expenses for establishing entitlement to such benefits and maintaining the beneficiary roll, and interest lost to the trust fund. In FY 2001, reimbursement normally due for FY 1999 Prouty activities is not needed because benefit payments and the associated administrative costs in that year were exceeded by the value of returned checks and overpayment collections. This represents a reduction from the FY 2000 amount and the FY 1999 amount. This situation is a result of the continually decreasing beneficiary population.

Payments to Social Security Trust Funds

Pension Reform

Authorizing Legislation: Section 1131(b)(2) of the Social Security Act.

	1999 Actual	2000 Current Estimate	2001 Estimate	Increase or Decrease
Budget authority	$2,000,000	$3,400,000	$6,400,000	+$3,000,000

Purpose and Method of Operation

The purpose of this payment is to reimburse the Federal Old-Age and Survivors Insurance (OASI) trust fund for the cost of certain pension reform activities chargeable to Federal funds.

The Employee Retirement Income Security Act of 1974, P.L. 93-406 (Pension Reform Act, also known as ERISA), established section 1131 of the Social Security Act. This section requires the Commissioner of Social Security to furnish information regarding deferred vested pension rights to pension plan participants (and their dependents or survivors), either upon request or automatically upon application for retirement, survivors, or disability insurance benefits. The Social Security Administration (SSA) receives the necessary information from the Internal Revenue Service (IRS) each time an employee leaves employment which earned them vested rights to a pension. SSA controls, verifies, microfilms and keys data into the Employee Master File (EMF) database which further verifies identifying information against the NUMIDENT (SSN record) database. Each month an activity file of new benefit applications is compared to the EMF. Any individual in this activity file that shows a corresponding record for the worker in the EMF is sent the required ERISA notice of pension plan eligibility which includes the information they need to contact the pension plan administrator. SSA staff also resolve exceptions and respond to inquiries from employers and the public.

Section 1131(b)(1) permits the administrative expenses of carrying out this pension reform work to be funded initially from the OASI Trust Fund through SSA's limitation on administrative expenses. Section 1131(b)(2) authorizes an annual appropriation of Federal funds to reimburse the OASI Trust Fund. To the extent that resources needed to process this workload exceed the budget authority available for reimbursement in the current year, reimbursement is made to the OASI trust fund at the beginning of the subsequent year, including interest as appropriate. SSA began to incur pension reform administrative expenses in FY 1977.

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Funding levels for the past 5 years were as follows:

Fiscal Year	Obligations
1996	$1,100,000
1997	$1,100,000
1998	$1,500,000
1999	$2,000,000
2000 (estimate)	$3,400,000

Rationale for the Budget Request

The budget requests $6,400,000 for FY 2001 to reimburse the OASI trust fund for the cost of carrying out its responsibilities under the Pension Reform Act, including adjustments with interest for FY 2000 pension reform costs in excess of the FY 2000 pension reform activity in this appropriation. The FY 2001 request is an increase from the FY 2000 budget. SSA has been receiving a growing volume of pension coverage reports from the IRS. The table below summarizes the recent trend:

Fiscal Year	Pension Coverage Report Receipts
1997	2,759,000
1998	3,105,000
1999	4,094,000

Payments to Social Security Trust Funds

Unnegotiated Checks

Authorizing Legislation: Section 201(m) of the Social Security Act and Section 152 of P.L. 98-21.

	1999 Actual	2000 Current Estimate	2001 Estimate	Increase or Decrease
Budget authority	$17,000,000	$17,000,000	$14,000,000	-$3,000,000

Purpose and Method of Operation

The purpose of this payment is to reimburse the Federal Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) trust funds for the value of interest on benefit checks that remain uncashed after 6 months.

This activity was originally established to reimburse the trust funds for uncashed benefit checks and accrued interest. Beginning October 1, 1989, Social Security checks, like those issued by other Federal agencies, are negotiable for only 12 months from their date of issue under the provisions of the Competitive Equality Banking Act (CEBA) of 1987 (P.L. 100-86). In the 14th month after issue, the Department of the Treasury prepares a listing of checks outstanding from each agency, cancels those checks, and refunds the value of checks canceled to the authorizing agencies. Under this "Limited Payability" procedure, the value of unnegotiated checks issued on or after October 1, 1989 are credited directly to the trust funds from Treasury's general fund when the checks are canceled, pursuant to P.L. 100-86. These funds do not pass through the Payments to Social Security Trust Funds account. However, the interest adjustment must be paid through this account because CEBA made no provision for it. This appropriation funds the estimated ongoing level of activity and represents the value of interest for unnegotiated OASDI benefit checks.

Funding levels for the past 5 years were as follows:

Fiscal Year	Obligations
1996	$11,826,000
1997	$12,144,000
1998	$11,703,000
1999	$10,399,000
2000 (estimate)	$17,000,000

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Rationale for the Budget Request

The FY 2001 request is for $14,000,000 to reimburse the OASDI trust funds for the value of interest on unnegotiated checks.

	FY 2001 Estimate
OASI trust fund	$11,000,000
DI trust fund	3,000,000
Total	$14,000,000

The FY 2001 request is lower than the FY 2000 request. The reduction reflects the ongoing shift of beneficiaries away from the paper check method of benefit payment to direct deposit. Benefits paid via direct deposit bypass the mechanism in which there is the possibility of an uncashed check. The following table summarizes the recent growth in the percentage of OASDI beneficiaries enrolled in the direct deposit payment program.

Date	Direct Deposit Participation Rate
December 1995	60%
December 1996	63%
December 1997	69%
December 1998	75%
December 1999	77%

Payments to Social Security Trust Funds

Coal Industry Retiree Health Benefits

Authorizing Legislation: Sections 9704 and 9706 of the Internal Revenue Code of 1986 as amended by section 19141 of the Energy Policy Act of 1992.

	1999 Actual	2000 Current Estimate	2001 Estimate	Increase or Decrease
Budget authority	—	—	—	—
(Obligations)	($333,839)	($800,000)	($300,000)	(-$500,000)

Purpose and Method of Operation

The purpose of this payment is to reimburse the Federal Old-Age and Survivors and Federal Disability Insurance trust funds for work carried out under Section 19141 of the Energy Policy Act of 1992 (Public Law 102-486) which established the "Coal Industry Retiree Health Benefit Act of 1992" (CIRHBA). CIRHBA combined two existing United Mine Workers of America pension plans into a single fund and required that certain existing coal mine operators pay health benefit premiums for the new combined plan. The law directed the Commissioner of Social Security to:

- search the earnings records of the group of retired coal miners covered by the combined plan;
- determine which retirees should be assigned to which mine operators;
- notify the involved mine operators of the names and Social Security numbers of eligible beneficiaries who have been assigned to them;
- process appeals from operators who believe that assignments have been made incorrectly; and
- compute the premiums based on a formula established in the Act.

Progress to Date

SSA has made decisions on all of the retired miners covered by the combined plan and continues to provide requested earnings records and review the appeals made by coal operators. Of 48 cases filed with the Federal courts, 20 are still pending. In June 1998, the Supreme Court held the Coal Act unconstitutional as applied to Eastern Enterprises. SSA is in the process of voiding the assignments of miners found to be similarly situated, and seeking reassignment under the remaining valid assignment rules of the Coal Act. Other coal companies are claiming to be similarly situated to Eastern Enterprises and considering additional appeals on the basis of the Supreme Court decision. Until these appeals are resolved, we expect this activity to at least continue at the current level.

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This account provides general fund reimbursement to the trust funds to the extent that the Limitation on Administrative Expenses account advances funds for SSA to carry out this work. Additional funds are not requested for FY 2001 because the $10,000,000 per year appropriated in FY 1996 and in FY 1997 will remain available until expended to reimburse the trust funds.

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For carrying out title IV of the Federal Mine Safety and Health Act of 1977, [$383,638,000] *$365,748,000,* to remain available until expended.

For making, after July 31 of the current fiscal year, benefit payments to individuals under title IV of the Federal Mine Safety and Health Act of 1977, for costs incurred in the current fiscal year, such amounts as may be necessary.

For making benefit payments under title IV of the Federal Mine Safety and Health Act of 1977 for the first quarter of fiscal year [2001, $124,000,000] *2002, $114,000,000,* to remain available until expended. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2000, as enacted by section 1000(a)(4) of the Consolidated Appropriations Act, 2000 (P.L. 106-113).)*

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Special Benefits for Disabled Coal Miners

Language Analysis

Language Provision	Explanation
"For making, after July 31 of the current fiscal year, benefit payments to individuals under title IV of the Federal Mine Safety and Health Act of 1977, for costs incurred in the current fiscal year, such amounts as may be necessary."	Provides an indefinite appropriation to finance any shortfall in the definite appropriation for benefit costs during the last 2 months of fiscal year 2001.
"For making benefit payments under title IV of the Federal Mine Safety and Health Act of 1977 for the first quarter of fiscal year [2001, $124,000,000] *2002, $114,000,000*, to remain available until expended."	Appropriates funds for benefit payments in the first quarter of the subsequent fiscal year. Ensures that beneficiaries will continue to receive benefits during the first quarter of FY 2002 in the event of a temporary funding hiatus.

Special Benefits for Disabled Coal Miners

Amounts Available for Obligation [1]

Appropriation	1999 Actual	2000 Current Estimate	2001 Estimate
Annual (definite)	$542,803,000	$524,638,000	$489,748,000
Regular appropriation	(382,803,000)	(383,638,000)	(365,748,000)
First quarter advance appropriation	(160,000,000)	(141,000,000)	(124,000,000)
Indefinite current year appropriation	---	---	---
Subtotal, adjusted appropriation	$542,803,000	$524,638,000	$489,748,000
Unobligated balance, start-of-year	+10,323,038	+1,676,287	+2,470,000
Recovery of prior year obligations	+266,431	---	---
Unobligated balance, end-of-year	-1,676,287	-2,470,000	---
Net obligations	$551,716,182	$523,844,287	$492,218,000

[1] Excludes funding for Part C work for which SSA is reimbursed by the Department of Labor.

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Special Benefits for Disabled Coal Miners

Summary of Changes

FY 2000 Current Estimate, budget authority	$524,638,000
FY 2001 Estimate, budget authority	$489,748,000
Net Change	-$34,890,000

	FY 2000 Base		Change from Base	
	Workyears	Budget Authority (Obligations)	Workyears	Budget Authority (Obligations)
Increases				
Benefit payments	---	$520,000,000 ($518,803,000)		+$16,000,000 (+$16,000,000)
Annualized effect of January 2000 and January 2001 cost-of-living adjustments (COLA) (3.8% and 3.7%, respectively)				
Administration	27	$4,638,000 ($5,041,147)	---	+$1,032,000 (+$628,853)
The increase for administration is based primarily on overall estimated increases in pay and non-pay factors as assumed in SSA's FY 2001 budget, and financing changes due to the use of $403,147 carried over from FY 1999 to fund FY 2000 cost increases				
Total increases				+$17,032,000 (+$16,628,853)

Decreases

Benefit payments	—	$520,000,000 ($518,803,000)	-$51,922,000 (-$48,255,140)
The benefit payments decrease is primarily due to a decrease of 9,000 beneficiaries (-$47,000,000). Other factors that contribute to reducing the request for new budget authority in FY 2001 include: lower average benefit amounts before COLAs; a reduction in retroactive benefit payment amounts; and financing changes due to use of estimated carryover funds to meet benefit payment needs in FY 2001.			
Total decreases			-$51,922,000 (-$48,255,140)
Net change			-$34,890,000 (-$31,626,287)

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Special Benefits for Disabled Coal Miners

Budget Authority by Activity [1]
(Dollars in thousands)

	1999 Actual	2000 Current Estimate	2001 Estimate
Benefit payments	$538,183	$520,000	$484,078
(Obligations)	($547,499)	($518,803)	($486,548)
Administration	4,620	4,638	5,670
(Obligations)	(4,217)	(5,041)	(5,670)
Total, budget authority	$542,803	$524,638	$489,748
(Obligations)	($551,716)	($523,844)	($492,218)
First quarter advance appropriation for the subsequent year	($141,000)	($124,000)	($114,000)

[1] Excludes funding for Part C work for which SSA is reimbursed by the Department of Labor.

Special Benefits for Disabled Coal Miners

Budget Authority by Object

	2000 Current Estimate	2001 Estimate	Increase or Decrease
Average ES salary	$123,200	$127,900	+$4,700
Average GS grade	10	10	—
Average GS salary	$47,600	$50,000	+$2,400
Personnel compensation:			
Other personnel compensation	$1,557,162	$1,638,115	+$80,953
Total, personnel compensation	$1,557,162	$1,638,115	+$80,953
Personnel benefits	$77,838	$81,885	+$4,047
Travel and transportation of persons	10,291	17,213	+6,922
Transportation of things	1,717	2,872	+1,155
Rents, communications and utilities:			
Rent	73,000	73,000	—
Communications, utilities and miscellaneous charges	159,499	266,778	+107,279
Printing and reproduction	15,725	26,302	+10,577
Other services	2,563,548 [1]	3,264,071	+700,523
Supplies and materials	8,120	13,582	+5,462
Equipment	107,551	179,890	+72,339
Land and Structures	56,228	94,047	+37,819
Insurance claims and indemnities	520,007,321	484,090,245	-35,917,076
Total, budget authority by object	$524,638,000	$489,748,000	-$34,890,000
Total obligations	($523,844,287)	($492,218,000)	(-$31,626,287)
First quarter advance appropriation for the subsequent year	($124,000,000)	($114,000,000)	(-$10,000,000)

Note: Excludes funding for work reimbursed by Department of Labor.

[1] Excludes $403,147 in estimated FY 2000 obligations to be funded from the unobligated balance carried over from FY 1999.

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Special Benefits for Disabled Coal Miners

Significant Items in House and Senate
Appropriations Committee Reports

FY 2000 Senate Report

Inspectors General Report	Actions Taken or To Be Taken
The Committee has received the report of the Inspectors General of the Department of Labor (DOL) and the Social Security Administration (SSA) providing "A Joint Assessment of the Memorandum of Understanding Between the Social Security Administration and the Department of Labor's Employment Standards Administration's Division of Coal Mine Workers' Compensation Program on Handling Part B Black Lung Claims" as specified in the Conference Committee's Report on the fiscal year 1998 Budget. The Committee notes that both Agencies have agreed to implement the report's recommendation that DOL and SSA study the feasibility of transferring the entire Part B program to DOL. DOL and SSA are directed to report the results of that study to the Committee, when completed, and to incorporate those results in their subsequent appropriation requests.	Since issuance of the Inspectors General report, DOL and SSA staffs have had informal discussions about implementation of the recommendation to conduct a feasibility study. We will operate under the provisions of the existing Memorandum of Understanding while we continue to work with DOL on the study objectives and methodology.

Special Benefits for Disabled Coal Miners

Authorizing Legislation

	2000 Amount Authorized	2000 Current Estimate	2001 Amount Authorized	2001 Budget Request
Title IV of the Federal Mine Safety and Health Act of 1977	Indefinite	$524,638,000	Indefinite	$489,748,000
First quarter advance appropriation for the subsequent year	—	($124,000,000)	—	($114,000,000)

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Special Benefits for Disabled Coal Miners

Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1992	$820,336,000	$820,336,000	$820,336,000	$820,336,000
Indefinite	$8,784,971			
1993	$799,313,000	$799,313,000	$799,313,000	$799,313,000
Indefinite	$430,139			
1994	$771,181,000	$771,181,000	$771,181,000	$771,181,000
1995	$717,874,000	$717,874,000	$717,874,000	$717,874,000
1996	$665,396,000	$665,396,000	$665,396,000	$665,396,000
1997	$630,070,000	$630,070,000	$630,070,000	$630,070,000
1998	$586,090,000	$586,090,000	$586,090,000	$586,090,000
1999	$542,803,000	$542,803,000	$542,803,000	$542,803,000
2000	$524,638,000	$524,638,000	$524,638,000	$524,638,000
2001	$489,748,000			
2002	$114,000,000 [1]			

[1] First quarter advance appropriation request for FY 2002.

Special Benefits for Disabled Coal Miners

Justification

	2000 Current Estimate	2001 Estimate	Increase or Decrease
Budget authority	$524,638,000	$489,748,000	-$34,890,000
(Obligations)	($523,844,287)	($492,218,000)	(-$31,626,287)
First quarter advance appropriation for the subsequent year	($124,000,000)	($114,000,000)	(-$10,000,000)
Workyears	27	27	—

General Statement

The Social Security Administration (SSA), using the Department of Labor (DOL) as its agent, makes payments of cash benefits to coal miners who are disabled due to coal workers' pneumoconiosis (black lung) and to their widows and certain other dependents.

SSA is responsible for processing and paying only those claims for miner benefits that were filed under Part B between December 30, 1969, when the program originated, and June 30, 1973, when administration of the program was transferred to the DOL. Under arrangements made for the transition of program administration responsibilities, the beneficiary roll originally maintained by SSA also includes those claims for dependent benefits filed by December 31, 1973, or within 6 months of the death of a miner or widow on the SSA roll (whichever is later). Under Part C, SSA has continued to take new miner claims as an agent of DOL, and forward them to DOL for adjudication and payment. Costs incurred by SSA in taking these claims are reimbursed by DOL and are not included in this appropriation request.

In September 1997, SSA negotiated an agreement with DOL under which DOL has agreed to handle most of SSA's Part B Black Lung work on a reimbursable basis. Under the agreement SSA is continuing to take initial applications for Black Lung benefits (as specified above) and is processing any hearings before an administrative law judge. DOL is handling all other post-application work, including issuance of regular monthly benefit payments and maintenance of the beneficiary rolls.

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The following table illustrates the workload distribution for the two parts of the Black Lung program between SSA and DOL.

	SSA Program (Black Lung - Part B)	DOL Program (Black Lung- Part C)
Beneficiaries covered	Beneficiaries who filed claims between 12/30/69 and 6/30/73 and their dependents and survivors.	Beneficiaries who filed claims after 6/30/73.
Workload distribution	**SSA**: Field office intake for all Part B claims and processes Part B hearings. **DOL**: Adjudication of Part B claims and post-claim activities effective 9/97. (SSA reimburses DOL for conducting these activities.)	**SSA**: Field office intake for all Part C claims. (SSA is reimbursed by DOL for this activity.) **DOL**: Adjudication of initial claims and post-claim activities for Part C programs.

The appropriation request of $489,748,000 for FY 2001, including $124,000,000 appropriated in advance for the first quarter, represents current law requirements. This amount includes $484,078,000 for benefits and $5,670,000 for administration. The President's budget request also includes $114,000,000 for the first quarter of FY 2002 for Special Benefits for Disabled Coal Miners. This request ensures that benefit payments will be made timely, even if enactment of the FY 2002 appropriation is delayed.

Special Benefits for Disabled Coal Miners

Benefit Payments

Authorizing Legislation: Federal Mine Safety and Health Act of 1977, Title IV.

	1999 Actual	2000 Current Estimate	2001 Estimate	Increase or Decrease
Budget authority	$538,183,000	$520,000,000	$484,078,000	-$35,922,000
Obligations	($547,499,329)	($518,803,000)	($486,548,000)	(-$32,255,000)
First quarter advance appropriation for the subsequent year	($141,000,000)	($124,000,000)	($114,000,000)	(-$10,000,000)

Purpose and Method of Operation

These funds are used to provide monthly cash benefits for coal miners who are totally disabled due to pneumoconiosis. The miner's benefit is augmented for a dependent wife, divorced wife, or children. Cash benefits are also available for the widows, orphaned children, and certain other surviving dependent family members of miners whose deaths were due to this disease.

A disabled miner or an eligible widow receives a basic benefit amount ($487.40 effective January 2000). If the disabled miner or eligible widow has dependents, the benefit increases with the number of dependents--an additional 50 percent for one dependent, 75 percent for two dependents, and 100 percent for three or more dependents.

Under current law, the basic Black Lung benefit rate is set at 37½ percent of the monthly salary of a GS-2, step 1 Federal employee. The total benefits and average number of beneficiaries paid for the past 5 years are summarized below.

Fiscal Year	Obligations	Beneficiaries (Mid-Point of Year)
1996	$663,512,000	138,000
1997	$624,081,000	126,000
1998	$584,815,000	116,000
1999	$547,499,000	106,000
2000 (estimate)	$518,803,000	96,000

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Rationale for the Budget Request

For FY 2001, SSA is requesting $484,078,000 in new budget authority to pay Black Lung benefits--a decrease of $35,922,000 from the current FY 2000 estimate of $520,000,000. As in past years, Black Lung benefits are continuing to decrease due to the declining beneficiary roll for SSA's portion of the program. These changes are as follows:

- Effect of January 2000 and January 2001 cost-of-living adjustments, 3.8% and 3.7% respectively (+$16,000,000)

  Effective January 2001, the basic benefit rate for a Black Lung recipient is $505.50.

- Reduction in the number of beneficiaries (-$47,000,000)

  As a result of the deaths of miners and their widows, and the remarriage of widows, the number of beneficiaries on the roll will decline.

Estimated Beneficiaries (at midpoint of fiscal year)	FY 2000	FY 2001
Miners	13,000	11,000
Widows	66,000	61,000
Other dependents	17,000	15,000
Total	96,000	87,000

- Lower average benefit and reduced retroactive payments (-$1,255,000)

  These changes are due to a lower average benefit amount before the impact of COLA's and a reduction in the amount of retroactive payments from FY 2000 to FY 2001. The decrease in average benefit amount is due to fewer average beneficiaries per account.

- Change in carryover amounts (-$3,667,000)

  FY 2000 enacted budget authority for benefit payments exceeds currently estimated payments by $1,197,000. Based on this difference and estimated carryover of $1,273,000 from FY 1999, $2,470,000 will be carried over into FY 2001 to become benefit payments in that year, thereby reducing the need for new budget authority in FY 2001 when compared with FY 2000.

Special Benefits for Disabled Coal Miners

Administration

Authorizing Legislation: Federal Mine Safety and Health Act of 1977, Title IV.

	1999 Actual	2000 Current Estimate	2001 Estimate	Increase or Decrease
Budget authority	$4,620,000	$4,638,000	$5,670,000	$1,032,000
Obligations	($4,216,853)	($5,041,147)	($5,670,000)	($628,853)
Workyears	21	27	27	—

The Administration of the Black Lung Program

These funds are used to administer the program under Part B of the Federal Mine Safety and Health Act of 1977, for which SSA has responsibility. In September 1997, a Memorandum of Understanding between SSA and DOL was reached, authorizing the DOL Office of Worker Compensation Programs (OWCP) to provide administrative assistance to SSA on the Part B Black Lung program. The authority for this agreement is 31 U.S.C. Sec. 1535.

SSA has retained the responsibility for taking applications on Part B claims and forwarding the completed applications to the appropriate DOL office for processing. SSA continues to conduct formal hearings by an Administrative Law Judge (ALJ) on issues connected with Part B claims and consider appeals on decisions issued after an ALJ hearing. SSA also has the responsibility for the policy, conduct, and administration of the Part B Black Lung program.

As a result of the agreement, the DOL (OWCP) performs the following activities for SSA on a reimbursable basis:

- Process Part B Black Lung claim applications and reconsiderations;
- Maintain claim files and process all post-entitlement actions except hearings and appeals;
- Process benefit payment adjustments required of each active, suspended, or terminated (since April 1997) Part B claim; and
- Prepare and deliver the monthly roll of eligible Part B beneficiaries by magnetic media to the appropriate disbursing center of the Department of Treasury.

Funding for administration of the SSA Black Lung program during the last 5 years has been as follows:

Fiscal Year	Obligations[1]	SSA Workyears
1996	$3,381,700	57
1997	$4,011,000	54
1998	$4,370,300	23
1999	$4,216,853	21
2000 (estimate)[2]	$5,041,147	27

Rationale for the Budget Request

The FY 2001 administrative cost estimate is $5,670,000, an increase of about $600,000 over the estimated obligation level for FY 2000. Administrative costs increase in FY 2001 primarily as a result of Federal pay and other cost increases in SSA and DOL. Actual obligations will be based on SSA's costs as determined by SSA's cost accounting system and actual cost accountings provided by OWCP.

The appropriation request is needed for the programmatic, management and general support functions for SSA and DOL to properly administer the Black Lung Part B program for the following number of beneficiaries:

Beneficiaries at Midpoint of the Year	2000 Current Estimate	2001 Estimate	Increase or Decrease
Miners	13,000	11,000	-2,000
Widows	66,000	61,000	-5,000
Other dependents	17,000	15,000	-2,000
Total	96,000	87,000	-9,000

[1] Excludes funding for Part C work for which SSA is reimbursed by DOL.

[2] Includes $403,147 in obligations funded from unexpended prior year balances.

SOCIAL SECURITY ADMINISTRATION

Supplemental Security Income

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SOCIAL SECURITY ADMINISTRATION

Supplemental Security Income Program

For carrying out titles XI and XVI of the Social Security Act, section 401 of Public Law 92-603, section 212 of Public Law 93-66, as amended, and section 405 of Public Law 95-216, including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, [$21,503,085,000] *$23,053,000,000,* to remain available until expended: *Provided,* That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury.

[From funds provided under the previous paragraph, not less than $100,000,000 shall be available for payment to the Social Security trust funds for administrative expenses for conducting continuing disability reviews.]

In addition, [$200,000,000] *$210,000,000,* to remain available until September 30, [2001] *2002,* for payment to the Social Security trust funds for administrative expenses for continuing disability reviews as authorized by section 103 of Public Law 104-121 and section 10203 of Public Law 105-33. The term "continuing disability reviews" means reviews and redeterminations as defined under section 201(g)(1)(A) of the Social Security Act, as amended.

For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary.

For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year [2001, $9,890,000,000] *2002, $10,470,000,000,* to remain available until expended. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2000, as enacted by section 1000(a)(4) of the Consolidated Appropriations Act, 2000 (P.L. 106-113).)*

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Supplemental Security Income Program

Language Analysis

Language Provision	Explanation
"Provided, That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury."	Ensures that States do not carry unobligated balances of Federal funds into the subsequent fiscal year. Applies primarily to the beneficiary services activity.
"In addition, [$200,000,000] *$210,000,000,* to remain available until September 30, [2001] *2002*, for payment to the Social Security trust funds for administrative expenses for continuing disability reviews as authorized by section 103 of Public Law 104-121 and section 10203 of Public Law 105-33."	This provision makes available targeted reimbursement to the Social Security trust funds for the SSI share of additional funding in the Limitation on Administrative Expenses account, for which the government-wide discretionary spending caps can be adjusted, for continuing disability reviews above the base funding level as authorized by P.L. 104-121.
"For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary."	Provides an indefinite appropriation to finance any shortfall in the definite appropriation for program costs during the last months of the fiscal year.
"For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year [2001, $9,890,000,000] *2002, $10,470,000,000*, to remain available until expended."	Appropriates funds for benefit payments in the first quarter of the subsequent fiscal year. Ensures that beneficiaries will continue to receive benefits during the first quarter of FY 2002 in the event of a temporary funding hiatus.

Supplemental Security Income Program

Amounts Available for Obligation [1]

Appropriation	1999 Actual	2000 Current Estimate	2001 Estimate
Annual (definite)	$30,409,000,000	$31,253,085,000	$33,153,000,000
Regular appropriation	(21,729,000,000)	(21,703,085,000)	(23,263,000,000)
First quarter advance appropriation	(8,680,000,000)	(9,550,000,000)	(9,890,000,000)
Subtotal	$30,409,000,000	$31,253,085,000	$33,153,000,000
Additional funding from: Indefinite appropriation	+25,495,000	+367,000,000	—
Subtotal, adjusted budget authority	$30,434,495,000	$31,620,085,000	$33,153,000,000
Unobligated balance, start-of-year	+128,767,000	+44,009,000	—
Recovery of prior-year obligations	+2,060,000	—	—
Unobligated balance, end-of-year	-44,009,000	—	—
Total, obligations	$30,521,313,000	$31,664,094,000	$33,153,000,000

[1] Excludes the following amounts for reimbursable State supplementation payments administered by SSA: FY 1999 ($3,219,000,000); FY 2000 ($3,310,000,000); FY 2001 ($3,410,000,000). Also excludes the associated user fee in excess of $5.00 per supplementary payment charged States for administering the program that are made available in the Limitation on Administrative Expenses account, as follows: FY 1999 ($75,000,000); FY 2000 ($80,000,000); FY 2001 ($91,000,000).

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Supplemental Security Income Program

Summary of Changes

FY 2000 Appropriation (Definite)	$31,253,085,000
FY 2000 Appropriation (Indefinite)	+$367,000,000
Total Estimated Adjusted Budget Authority	$31,620,085,000
(Obligations)	($31,664,094,000)
FY 2001 Estimate	$33,153,000,000
(Obligations)	($33,153,000,000)
Net Change	+$1,532,915,000
(Obligations)	(+$1,488,906,000)

	FY 2000 Base Budget Authority	Change from Base Budget Authority
Increases		
Built-in:		
A. Federal benefit payments	$29,189,000,000	+$1,536,000,000
1. Annualized effect of automatic cost-of-living increase of 2.4 percent in January 2000 and effect of 2.5 percent increase in January 2001		(+$956,000,000)
2. Net annualized effect of 166,000 more awards than terminations in FY 2000 and FY 2001		(+$580,000,000)
B. Increase in new authority for the Payment to the Trust Funds activity to reimburse the Social Security trust funds for the SSI share of SSA's administrative costs funded through the Limitation on Administrative Expenses	$2,342,000,000	+$227,000,000
C. Beneficiary Services -- Increase in Vocational Rehabilitation costs based on the estimated number of clients and costs per client	$64,000,000	+$7,000,000

	FY 2000 Base Budget Authority	Change from Base Budget Authority
D. Increase in research and demonstration authority for continuation of current projects and new programs (maintains research program level of $30,000,000 – the same program level assumed in the FY 2000 appropriation including estimated carryover for the FY 2000 budget of $6 million)	$25,085,000	+$4,915,000
Total Increases		$1,774,915,000
Decreases		
Built-in:		
A. Federal benefit payments	$29,189,000,000	-$242,000,000
1. Net reduction due to Social Security cost-of-living adjustments that are counted as income for concurrent recipients (affects about 39 percent of the SSI rolls)		(-$242,000,000)
Total decreases		-$242,000,000
Net change		+$1,532,915,000

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Supplemental Security Income Program

Budget Authority by Activity [1]
(Dollars in thousands)

	FY 1999 Actual	FY 2000 Current Estimate	FY 2001 Estimate
Federal benefit payments	$28,045,495 [2]	$29,189,000 [3]	$30,483,000
(Obligations)	($28,117,720)	($29,189,044)	($30,483,000)
(Number of check payments)	(12)	(12)	(12)
Beneficiary services	61,000	64,000	71,000
(Obligations)	(61,000)	(92,082)	(71,000)
Payment to the trust funds and research and demonstration projects:			
A. Payment to the trust funds	2,291,000	2,342,000	2,569,000
(Obligations)	(2,290,365)	(2,342,635)	(2,569,000)
B. Research and demonstration projects	37,000	25,085	30,000
(Obligations)	(52,229)	(40,332)	(30,000)
Total, budget authority	$30,434,495	$31,620,085	$33,153,000
(Obligations)	($30,521,313) [4]	($31,664,094) [4]	($33,153,000)

1 Excludes the following amounts for reimbursable State supplementation payments administered by SSA: FY 1999 ($3,219,000,000); FY 2000 ($3,310,000,000); FY 2001 ($3,410,000,000). Also excludes the associated user fee in excess of $5.00 per supplementary payment charged States for administering the program that are made available in the Limitation on Administrative Expenses account, as follows: FY 1999 ($75,000,000); FY 2000 ($80,000,000); FY 2001 ($91,000,000).

2 Includes $25,494,459 under the indefinite appropriation authority for FY 1999 SSI Federal benefit payments.

3 Includes estimated indefinite authority of $367,000,000, in addition to the definite appropriation of $28,822,000,000 for FY 2000.

4 Does not add due to rounding.

Supplemental Security Income Program

Budget Authority by Object

	FY 2000 [1] Current Estimate	FY 2001 Estimate	Increase or Decrease
Other services	$2,431,085,000	$2,670,000,000	+$238,915,000
(Obligations)	($2,475,094,000)	($2,670,000,000)	(+$194,906,000)
Grants, subsidies, and contributions	$29,189,000,000	$30,483,000,000	+$1,294,000,000
(Obligations)	($29,189,000,000)	($30,483,000,000)	(+$1,294,000,000)
Total, budget authority by object	$31,620,085,000	$33,153,000,000	+$1,532,915,000
(Obligations)	($31,664,094,000)	($33,153,000,000)	(+$1,488,906,000)

[1] Includes estimated indefinite authority of $367,000,000 for benefit obligations in FY 2000.

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Supplemental Security Income

Significant Items in House and Senate
Appropriations Committee Reports

FY 2000 Senate Report

Employment for Persons with Disabilities	Actions Taken or to be Taken
The Committee recommendation includes $1,085,000 for policy research conducted by the President's Task Force on Employment for Persons with Disabilities. The Task Force will consult with the Social Security Administration in the design and implementation of this policy research.	SSA is continuing to work with member agencies of the Task Force to coordinate research efforts. SSA is developing demonstration projects authorized by P.L. 106-170, the Ticket to Work and Work Incentives Improvement Act of 1999 and, in particular, the demonstration projects required by this legislation to provide for reductions in disability insurance benefits based on earnings. Preliminary, staff-level discussions are taking place with the Task Force to discuss the design and implementation of policy research related to early intervention, employer innovation and youth transition. In addition to working with the Task Force, SSA also has a number of other major research and demonstration projects intended to improve our understanding of the obstacles to employment faced by disabled individuals and the ways in which the disability programs can help remove those obstacles. Particular interest lies in focusing research on youth to better understand the employment barriers faced by young people with disabilities. Under the newly-enacted Ticket to Work and Work Incentives Improvement Act, SSA will conduct other demonstration projects that will help us test approaches to improve the labor force participation rate of persons with disabilities, including a project to study whether changing the earnings limitations in the Disability Insurance program will encourage more beneficiaries to attempt to return to work.

Employment for Persons with Disabilities (cont.)

The National Study of Health and Activity (NSHA) is a multi-year study that has as one of its principal objectives addressing the question of what enables people with disabilities to remain in the workforce despite their impairments. The NSHA pilot survey will be conducted this year and the nationwide survey will be conducted in FY 2001. This year SSA will also establish the Disability Research Institute (DRI). The DRI will conduct a broad research program on disability program issues, including projects which seek to understand how best to expand employment opportunities for persons with disabilities.

Medicare Buy-in Programs

The Committee is pleased that the Social Security Administration, in coordination with the Health Care Financing Administration and appropriate State agencies, has undertaken a demonstration program designed to identify potential Medicare buy-in eligibles, including widowed spouses who may have recently become eligible due to the recalculation of their Social Security benefits based on their spouses' death. The Committee encourages the Administration to incorporate findings from this effort when considering any changes required to protect this vulnerable population and ensure that they receive the benefits to which they are entitled.

Actions Taken or to be Taken

In FY 1999, SSA conducted a five-model demonstration to look at the barriers to enrollments in the Medicare buy-in programs. Three models were designed to measure variations at different levels of SSA intervention after targeted mailings. SSA eligibility screenings were followed by applications with the county agency (Screening model), with a Medicaid worker in an SSA office (Co-location model), or with an SSA employee in an SSA office (Application model). The Peer Assistance model used targeted mailings referring beneficiaries to volunteers for assistance with the buy-in eligibility process. The Widow(er)s model did not use mailings; it measured targeted buy-in intervention in the existing Social Security death reports process. A report on the results of these models is expected in a few months.

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Medicare Buy-In Programs (cont.)

SSA's 2000 demonstration models will build upon experience gained in 1999 to further examine the obstacles to buy-in enrollments. The 2000 demonstration models include:

- Profiling the retiring and newly disabled for income and assets to find out more about the unserved population;
- A greater SSA role in the buy-in application process;
- Continued testing of peer, rather than governmental, assistance in the application process; and
- A continuation of buy-in intervention in the death reports process (Widow(er)s model).

Outreach to Minority Seniors

The Committee is aware that minority seniors, and in particular Asian, Pacific Islander, and American Indian seniors, face additional challenges to receiving the Social Security and Supplemental Security Income benefits to which they are entitled because of linguistic, cultural and other barriers. The Committee also recognizes that significant actions have been undertaken by the Social Security Administration (SSA) to address this issue...the Committee encourages SSA to consider utilizing the talents of other seniors,...to help it further enhance the services that it provides to all of its customers, just as a similar demonstration program did at the Environmental Protection Agency.

Actions Taken or to be Taken

Since 1995, SSA has chartered an intercomponent workgroup whose responsibilities include being the focal point for all non-English speaking and limited English proficiency activities.

SSA's policy, adopted in 1995, is to ensure that individuals have access to the programs SSA administers regardless of their ability to communicate with SSA in English.

The workgroup is represented by all SSA organizational components and, in addition, includes representation from the Black Affairs Advisory Committee, Hispanic Affairs Advisory Committee and the Pacific Asian American Advisory Committee. The American Indian Advisory Committee will be invited to join the workgroup and American Indian issues will be included, where feasible, into SSA's key initiative regarding service to the non-English speaking public.

Outreach to Minority Seniors (cont.)

Since 1995, SSA has changed operating policies and procedures regarding interpreter services (e.g., if a person needs an interpreter to conduct SSA business, SSA will supply one on request, free of charge), translated public information materials into languages most used by SSA's customers and made fact sheets available in as many as 12 different languages, conducted focus groups with Chinese community-based organizations, and produced automated management information on customer language preference. In FY 1999, an estimated 1.6 million customers (8 percent) preferred to have their interviews conducted in a language other than English. Since 1993, almost 34 percent of SSA's public contact employee new hires have been bilingual/bicultural.

SSA is exploring those initiatives implemented by the Environmental Protection Agency to determine what, if any, may be implemented by SSA.

Alternatives to the Representative Payee Process for Beneficiaries

The Committee believes that the public should be educated about alternatives to the representative payee process for beneficiaries facing difficulty managing their benefits. This will help them to continue to handle their benefit checks in accordance with their wishes prior to the time when the appointment of a representative payee may be necessary. SSA should implement this education effort as soon as feasible.

Actions Taken or to be Taken

SSA is undertaking an effort to provide information and educational support to the public and beneficiaries who do not have payees but have difficulty managing their SSA/SSI benefits. SSA will strengthen referrals to local providers who are able to help beneficiaries with money management. In addition, SSA will explore coordinating this effort with the Return to Work and Youth Transition Network initiatives. SSA will build this educational effort into its recruitment campaign for payees and training for payees. Additionally, SSA is developing a multi-language fact sheet regarding this issue and will include this information in its publications for representative payee organizations and beneficiaries.

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Supplemental Security Income Program

Authorizing Legislation

	2000 Amount Authorized	2000 Current Estimate	2001 Amount Authorized	2001 Budget Request
Title XVI of the Social Security Act, §401 of P.L. 92-603, and §212 of P.L. 93-66, as amended, and §405 of P.L. 95-216.....	Indefinite	$31,620,085,000 [1]	Indefinite	$33,153,000,000
First quarter advance appropriation for subsequent year	—	($9,890,000,000)	—	($10,470,000,000)

[1] The FY 2000 appropriation estimate includes Federal benefit payments of $367,000,000 to be funded from the indefinite appropriation.

Supplemental Security Income Program

Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1992	$17,476,491,000	$17,476,491,000	$17,479,491,000	$17,479,491,000
Indefinite	$1,008,047,000			
1993	$21,243,657,000	$21,234,773,000	$21,223,164,000	$21,237,675,000 [1]
Supplemental	$150,000,000	$150,000,000		
Indefinite	$1,330,098,000			
1994	$27,331,775,000	$27,331,775,000	$27,322,775,000	$27,333,775,000
Rescission [2]				-$10,909,000
1995	$27,858,601,000	$28,007,101,000	$27,962,101,000	$27,996,619,600
1996 [3]	25,863,993,000	$25,813,834,000	$25,661,012,000	$25,620,512,000
1997	$28,869,000,000	$28,707,115,000	$28,792,010,000	$28,807,010,000
1998	$26,035,000,000	$26,035,000,000	$26,027,525,000	$26,025,000,000
Indefinite	$2,205,571,000			
1999	$30,352,000,000	$30,352,000,000	$30,445,000,000	$30,409,000,000
Indefinite	$243,000,000			
2000	$31,313,000,000	$31,224,000,000	$31,303,085,000	$31,253,085,000
Indefinite	$367,000,000			
2001	$33,153,000,000			
2002	$10,470,000,000 [4]			

1 The $16,009,657 included in the appropriation language for the SSI account (which was in addition to the $5,240,000,000 previously appropriated for the first quarter of 1993) was reduced by $11,982,000 in accordance with §511 and §513 of the Departments of Labor, Health and Human Services, Education and Related Agencies Appropriations Act, 1993 (P.L. 102-934).

2 As part of P.L. 103-211, the Congress rescinded $80,000,000 for Automation Investment funding. The SSI program's share of the reduction was $10,909,000.

3 The FY 1996 President's budget was amended to include additional funds for the functions transferred to SSA from the Office of the Secretary, HHS for administration expenses. The amount displayed under "Senate Allowance" represents the Senate Appropriations Committee recommendation.

4 Advance appropriation for the first quarter of FY 2002.

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Supplemental Security Income Program

Justification

	2000 Current Estimate	2001 Estimate	Increase or Decrease
Budget authority	$31,620,085,000 [1]	$33,153,000,000	+$1,532,915,000
(Obligations)	($31,664,094,000)	($33,153,000,000)	(+$1,488,906,000)
First quarter advance appropriation for subsequent year	($9,890,000,000)	($10,470,000,000)	(+$580,000,000)

[1] Includes estimated indefinite authority of $367,000,000 for benefit obligations in FY 2000.

General Statement

Title XVI of the Social Security Act mandates a Supplemental Security Income (SSI) program of monthly cash benefits payable to the needy aged, blind and disabled, as a federally-guaranteed minimum income. The program is federally-administered and financed from general funds. States are encouraged to supplement the Federal benefit and may elect to have their supplementation payments administered by the Federal government. Supplementation is mandatory for certain recipients who were on State rolls just prior to the creation of the Federal program on January 1, 1974. Otherwise, State supplementation is optional.

The President's appropriation request for FY 2001 is $33,153,000,000, including $9,890,000,000 appropriated in advance; the request also includes an advance appropriation of $10,470,000,000 for the first quarter of FY 2002.

Highlights of the FY 2000-FY 2001 Budget Request

- The SSI program experienced an overall recipient growth of less than 1 percent from FY 1996 to FY 1999 with the average number of Federal beneficiaries remaining at about 6.3 million. The budget projects the average number of recipients in FY 2001 will increase slightly to 6.4 million, just above the level of 6.3 million projected for FY 1999.

- In 1997, the General Accounting Office (GAO) identified the SSI program as "high risk" due to significant increases in SSI overpayments and increasing susceptibility of the program to fraud and abuse. In response to this designation, SSA developed a comprehensive plan to improve payment accuracy and management of the SSI program entitled "Management of the Supplemental Security Income Program: Today and in the Future" dated October 8, 1998. Elements of this plan and current activities are reported below.

Payment Accuracy

The majority of SSI overpayments stem from failure to report changes in one of three areas: income (particularly wages); financial accounts; and living arrangements (e.g., admission to a nursing home). SSA is aggressively pursuing a series of initiatives to improve payment accuracy. These initiatives include improving computer matching, providing SSA employees with online access to data, and improved training and instructions.

Redeterminations

Redeterminations were identified in the October 1998 report as the most powerful tool available to SSA for improving the accuracy of SSI payments. Periodically, SSA reviews recipients' income, resources, and living arrangements to verify their continuing eligibility; and, as a result, hundreds of millions of dollars in payment changes are made. SSA expects to process about 2 million SSI non-disability redeterminations in FY 2001. This effort will contribute to making a significant improvement in overall payment accuracy and, ultimately, a significant reduction in SSI overpayments.

Zero Tolerance for Fraud

SSA is engaged in an aggressive program to deter, detect, investigate, and prosecute fraud. To carryout this effort, SSA's Inspector General refers SSI-related reports from the SSA fraud hotline to our field offices for investigation and appropriate action. In FY 1998, the hotline referred 6,500 reports to the field offices; in FY 1999, the number of referrals was 14,000. SSA anticipates that the number of referrals will increase annually to about 22,000 in FY 2001.

Debt Collection

SSA currently makes use of the following debt collection tools that are authorized by law: benefit offset, repayment installment agreements, and tax refund offset. These tools have enabled the Agency to achieve an estimated 60 percent SSI debt recovery rate. Last year, SSA received congressional authorization to streamline its overpayment collection procedures when an overpaid SSI beneficiary continues to receive title II benefits. The recently enacted Foster Care Independence Act of 1999 extends to the SSI program all of the debt collection authorities currently available for collection of overpayments under the Social Security retirement and disability programs, including administrative offset (e.g., vendor payments, Federal retirement payments), interest charging, use of private collection agencies, credit bureau reporting, and Federal salary offset.

Computer Matching Programs

SSA routinely matches SSI recipient data with Federal and State government entities to detect changes in income, resources, or living arrangements that may affect SSI eligibility. In addition, SSA conducts a number of other computer matches, including those through partnerships with Federal, State and local entities that match prison inmate records to find recipients made ineligible by incarceration; and new and more frequent matches for wage and unemployment compensation information and nursing home admissions, to broaden the scope of our enforcement. SSA also matches Internal Revenue Service records of non-wage income against the SSI rolls (under authority granted by the Deficit Reduction Act of 1984) to detect unreported assets (primarily bank accounts). Actions taken as a result of such matches include independent verification of assets or income, and notification to the recipient of the findings along with appeal and waiver rights. The Foster Care Independence Act of 1999 also calls for periodic matches with Medicare and Medicaid data and provides for expansion of access to data from financial institutions.

The above activities, along with SSA's program of periodic continuing disability reviews, will continue to raise the quality of SSA's management of the SSI program.

- The maximum Federal monthly benefit amount also is estimated to increase in FY 2001 to $524 for an individual and $786 for a couple, compared to the FY 2000 standard of $512 for an individual and $769 for a couple. SSI benefits are adjusted for changes in the cost-of-living in the same manner as Social Security benefits. A cost-of-living adjustment (COLA) of 2.4 percent was reflected in payments beginning in January 2000, and the appropriation request includes a COLA of 2.5 percent effective in January 2001.

  The amount actually paid to a recipient can vary from the benefit standard based on other income received (e.g., earnings and Social Security benefits) and the living arrangements of the recipient (e.g., residence in one's own home, the household of another person, or in a nursing home which meets Medicaid standards). Net average monthly payments per recipient, including adjustments for cash collections and returned checks, are estimated as follows:

	FY 2000	FY 2001
Aged	$256.00	$264.00
Blind and Disabled	$405.00	$417.00
All SSI Recipients	$377.00	$389.00

- The FY 2001 President's budget request for an advance appropriation of $10,470,000,000 for the first quarter of FY 2002 is to ensure that SSI recipients continue to receive timely payments at the start of FY 2002 in the event of a temporary funding hiatus. The request includes funds to cover 4 months of benefit payments because the payment for January 1, 2002, a holiday, will be made in December 2001. The amount requested is approximately 33 percent of Federal benefit payments estimated for FY 2002.

Supplemental Security Income Program

Federal Benefit Payments

Authorizing Legislation: §1602, §1611, and §1617 of the Social Security Act.

	1999 Actual	2000 Current Estimate	Increase or Decrease
Budget authority	$28,045,495,000	$29,189,000,000 [1]	+$1,143,505,000
(Obligations)	($28,117,720,000)	($29,189,044,000)	(+$1,071,324,000)
First quarter advance appropriation for subsequent year	($9,550,000,000)	($9,890,000,000)	(+$340,000,000)

	2000 Current Estimate	2001 Estimate	Increase or Decrease
Budget authority	$29,189,000,000[1]	$30,483,000,000	+$1,294,000,000
(Obligations)	($29,189,044,000)	($30,483,000,000)	(+$1,293,956,000)
First quarter advance appropriation for subsequent year	($9,890,000,000)	($10,470,000,000)	(+$580,000,000)

[1] Includes estimated indefinite authority of $367,000,000.

Purpose and Method of Operation

The SSI program was established to pay needy aged, blind and disabled individuals a minimum level of income through federally-administered monthly cash payments. In many cases, these payments supplement income from other sources, including Social Security benefits. The budget estimate for FY 2001 includes $30,483,000,000 in obligations for payments to the estimated 6,441,000 recipients of monthly Federal payments. The average number of recipients on the rolls during each of the past four fiscal years (FY 1996-FY 1999) and the projections for FY 2000 are shown in the following table.

Average Number of SSI Recipients
(in thousands)

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000 Estimate
Aged	1,318	1,287	1,247	1,221	1,199
Blind and disabled	4,974	5,015	5,018	5,095	5,169
Total, Federal	6,292	6,302	6,265	6,316	6,368
Year-to-Year Change	–	*+0.2%*	*-0.6%*	*+0.8%*	*+0.8%*
Federally-administered State supplementation	292	282	277	279	282
Total, average number of SSI recipients	6,584	6,584	6,542	6,595	6,650

Funding levels (obligations) for Federal benefit payments the last 5 years have been as follows:

Fiscal Year	Obligations	Number of Check Payments [1]
1996	$24,302,761,000	11
1997	$26,639,659,000	12
1998	$27,429,000,000	12
1999	$28,117,720,000	12
2000 (estimate)	$29,189,000,000	12

Rationale for the Budget Request

SSA's FY 2001 budget estimate for SSI Federal benefit payments is $30,483,000,000. Estimates of current benefits are driven by two factors:

- the number of recipients eligible for monthly payments; and
- the amount of the monthly payments.

[1] In FY 2001, there will be 12 check payments. The President's budget includes a legislative proposal that would move payment of the SSI benefit due on October 1, 2000 (Sunday) to September 29, 2000 (Friday), consistent with normal rules for making SSI payments which come due on a weekend (non-banking) day. Based on a provision of the FY 1997 Balanced Budget Act, the October 1, 2000 payment is to be made on Monday, October 2, 2000. If enacted, the President's proposal would result in 13 payments in FY 2000 and 11 in FY 2001. It also would increase the estimate for indefinite authority needed in FY 2000.

A discussion of these factors and several elements which affect them follows.

A. Number of Recipients

The table below reflects the estimated average number of recipients of Federal SSI payments (excluding recipients of federally-administered State supplementation only payments) under current law:

(In thousands)	2000 Current Estimate	2001 Estimate	Change Number	Change Percent
Aged	1,199	1,177	-22	-1.8%
Blind and disabled	5,169	5,264	+95	+1.8%
Total	6,368	6,441	+73	+1.1%

B. Maximum Monthly Federal Payments

Under the automatic cost-of-living adjustment (COLA) provision, a 2.4 percent increase was paid effective for January 2000 and a 2.5 percent increase is projected for January 2001. The maximum monthly Federal payments estimated for FY 2000 and FY 2001 under present law are:

	FY 2000		FY 2001	
	First 3 months	Last 9 Months (2.4% Increase)	First 3 months	Last 9 months (2.5% Increase)
Single individual	$500.00	$512.00	$512.00	$525.00
Couple	$751.00	$769.00	$769.00	$788.00

C. Estimated Average Monthly Payments

Because SSI recipients generally have some other monthly income such as Social Security benefits or private pensions, most have their Federal SSI payment reduced. The table below shows the estimated average monthly Federal payments to SSI recipients for FY 2000 and FY 2001 under current law:

	FY 2000	FY 2001
Aged	$260.00	$268.00
Blind and disabled	$410.00	$423.00
All SSI recipients	$382.00	$394.00

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D. The Major Factors Which Affect Average Monthly Payment Amounts

- Automatic Benefit Increases

The SSI automatic cost-of-living increases granted on January 1 of each year raise average SSI payments. The effect of COLAs on the maximum monthly payment is shown in paragraph B above. Those SSI recipients receiving Social Security benefits also receive a Social Security COLA, thereby increasing their other monthly income and reducing their SSI payments. This factor partially offsets the increase in average SSI payments.

- Mix of SSI Recipients Who Concurrently Receive Social Security Benefits

Average monthly payments are significantly lower than the maximum amount payable under the law primarily because about 39 percent of SSI recipients also receive Social Security benefits. Approximately 67 percent of the SSI aged group and 32 percent of the SSI blind and disabled populations receive concurrent payments.

- Mix of Aged and of Blind and Disabled Recipients

Current estimates indicate that the proportion of blind and disabled recipients in the total recipient population will continue to increase in FY 2000 and FY 2001. This change in the population mix is illustrated in the following table (excludes recipients of federally-administered State supplementation only payments).

Average Number of Recipients in Current Pay
(In thousands)

	Total	Aged	Blind and Disabled	B&D as % of Total
FY 1990 Actual	4,274	1,252	3,022	71%
FY 1996 Actual	6,292	1,318	4,974	79%
FY 1997 Actual	6,302	1,287	5,015	80%
FY 1998 Actual	6,265	1,247	5,018	80%
FY 1999 Actual	6,316	1,221	5,095	81%
FY 2000 Estimate	6,368	1,199	5,169	81%
FY 2001 Estimate	6,441	1,177	5,264	82%

The blind and disabled population receives a larger average monthly payment than the aged population because blind and disabled recipients generally have less income from other sources to offset SSI benefits. As the proportion of blind and disabled recipients to the total recipient population increases, the overall average monthly benefit increases.

E. FY 2000 Current Estimate

The current FY 2000 estimated average number of recipients is 6,368,000, or 13,000 more than the 6,355,000 projected for the FY 2000 President's budget last year. In addition, estimated average monthly payments for FY 2000 are slightly higher than estimated last year. The budget currently projects SSA will need to use $367,000,000 in indefinite authority to fully fund SSI payments in FY 2000. The following table shows the expected shortfall.

Effect of P.L. 106-113
Federal Benefit Payments

	FY 2000: President's Budget	FY 2000 Current Budget
New Budget Authority	$28,822,000,000	$28,822,000,000
Estimated Obligations	$28,822,000,000	$29,189,000,000
Difference – Source of funds: Indefinite authority	$0	$367,000,000

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Supplemental Security Income Program

Beneficiary Services

Authorizing Legislation: §1611 (e) (3), and §1615 (d) of the Social Security Act.

	1999 Actual	2000 Current Estimate	Increase or Decrease
Budget authority	$61,000,000	$64,000,000	+$3,000,000
(Obligations)	($61,000,000)	($92,082,000)	(+$31,082,000)

	2000 Current Estimate	2001 Estimate	Increase or Decrease
Budget authority	$64,000,000	$71,000,000	+$7,000,000
(Obligations)	($92,082,000)	($71,000,000)	(-$21,082,000)

Purpose and Method of Operation

Funds requested for this activity in FY 2001 will be used to reimburse Vocational Rehabilitation (VR) agencies for reasonable and necessary costs of services which resulted in disabled SSI recipients being successfully rehabilitated (§1615(d) of the Social Security Act). The objective of vocational rehabilitation for SSI recipients is to help disabled individuals achieve and sustain productive, self-supporting work activity. SSA provides funds to reimburse VR agencies for costs incurred in successfully rehabilitating SSI recipients. A successful rehabilitation is defined by law as one in which VR services result in performance of substantial gainful activity (SGA) for a period of 9 months.

Rationale for the Budget Request

The estimate for FY 2001 for VR services to disabled SSI recipients assumes approximately 9,400 payment awards for successful rehabilitation, 600 more than was estimated for FY 2000. The average cost per award is estimated to rise from about $7,300 per case in FY 2000 to about $7,500 in FY 2001. SSA continues its ongoing efforts to improve the management and oversight of the current VR program and to ensure the effectiveness of the program and that the money spent is a good investment. This includes an ongoing quality review of State claims for reimbursement and continuing internal audits of the Agency's payment process. These savings are partially offset by general increases in rehabilitation costs and advances in expensive medical technology which also affect average cost per case.

On March 15, 1994, SSA published a VR regulation permitting direct reimbursement of alternate public and private providers to provide VR services. To make VR services more readily available to a larger number of people with disabilities, the regulation ("Payment for VR Services") allows SSA to use an alternate public or private sector provider, if a State VR agency has not accepted an SSA-referred beneficiary/recipient for services or extended evaluation. Alternate participant recruitment, training and support along with other initiatives are anticipated to help to achieve a greater number of rehabilitation and employment successes, and lead to more claims. So far, SSA has signed contracts with over 400 alternate participants to provide VR services. The Agency is identifying beneficiaries who will be involved in the new VR process. VR claims from alternate participants began to arrive in FY 1999.

On December 17, 1999, the "Ticket to Work and Work Incentives Improvement Act of 1999" (P.L. 106-170) was enacted. The new law will provide SSI disabled recipients more flexibility in obtaining "return to work" services by providing them with a ticket to offer an employment network of his or her choice in exchange for vocational rehabilitation and employment services, and other support services.

The issuance of the Ticket will be rolled out over three years beginning in the second quarter of 2001. In the first year of implementation about ten States will participate; additional States will be added in 2002, and full implementation will occur in 2003.

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Supplemental Security Income Program

Payment to the Trust Funds and Research and Demonstration Projects

Authorizing Legislation: §201(g)(1), §1110 and §1115, and §1633 of the Social Security Act.

	1999 Actual	2000 Current Estimate	Increase or Decrease
Payment to the Trust Funds			
Budget Authority	$2,291,000,000	$2,342,000,000	+$51,000,000
(Obligations)	($2,290,365,000)	($2,342,635,000)	(+$52,270,000)
Research and Demonstration Projects			
Budget Authority	$37,000,000 [1]	$25,085,000 [1]	-$11,915,000
(Obligations)	($52,229,000)	($40,332,000)	(-$11,897,000)
Total			
Budget Authority	$2,328,000,000	$2,367,085,000	+$39,085,000
(Obligations)	($2,342,594,000)	($2,382,967,000)	(+$40,373,000)

	2000 Current Estimate	2001 Estimate	Increase or Decrease
Payment to the Trust Funds			
Budget Authority	$2,342,000,000	$2,569,000,000	+$227,000,000
(Obligations)	($2,342,635,000)	($2,569,000,000)	(+$226,365,000)
Research and Demonstration Projects			
Budget Authority	$25,085,000	$30,000,000	+$4,915,000
(Obligations)	($40,332,000)	($30,000,000)	(-$10,332,000)
Total			
Budget Authority	$2,367,085,000	$2,599,000,000	+$231,915,000
(Obligations)	($2,382,967,000)	($2,599,000,000)	(+$216,033,000)

[1] Although the amounts of budget authority enacted for FY 1999 and FY 2000 vary from the research program level of $30 million, in effect the Agency had $30 million in new resources for research and demonstrations each year. The FY 1999 amount of $37 million includes both $1 million earmarked for the Presidential Task Force on Employment of Adults with Disabilities (PTFEAD) and $6 million for the Qualified Medicare Beneficiary project that was funded in the Limitation on Administrative Expenses account. The Agency's budget authority request for FY 2000 for research and demonstration projects was $24 million, which took into account the expected carryover of the unused $6 million. The FY 2000 enacted amount also includes $1.085 million earmarked for PTFEAD.

Purpose and Method of Operation

Payment to the Trust Funds

Section 201(g)(1) of the Social Security Act provides that administrative expenses for the SSI program, including Federal administration of State supplementation payments, may be financed from the Social Security trust funds with reimbursement, including any interest lost, to the trust funds from general revenues. The legislative history of the 1972 amendments (which established this funding mechanism) indicates a desire to obtain economy of administration by giving SSA the responsibility for the SSI program because of its existing field office network and its administrative and automated data processing facilities. Because of the integration of the administration of the SSI and Social Security programs, it was desirable to fund them from a single source, with reimbursement to the trust funds based on a GAO-approved method of cost analysis of the respective expenses of the SSI and Social Security insurance programs, and a final settlement after the close of the fiscal year as required by law.

This activity funds the reimbursement to the trust funds from the general fund.

Research and Demonstration Projects (Section 1110/1115 Research)

Section 1110 and Section 1115 of the Social Security Act provide funding authority, including waiver authority for the SSI program where appropriate, for research and demonstration (R&D) projects. Authority is provided for conducting both broad-based cross programmatic projects in the Social Security and SSI programs and projects dealing with specific SSI program issues. Under authority of §1110 and §1115, SSA funds a range of projects: research to understand disability program growth; projects to develop effective rehabilitation and return-to-work strategies; retirement policy research; policy evaluation of newly enacted or proposed legislative changes; and research projects to estimate the effect of program changes on the SSI population.

SSA's Section 1110 funding request for FY 2001 takes into account the provisions of the Ticket to Work and Work Incentives Improvement Act of 1999 (Sec. 301 of P.L.106-170) that amend the Social Security Act (Sec. 234) to provide authorization for a period of 5 years for the Commissioner of Social Security to use trust funds monies to conduct various demonstration projects, including alternative methods of treating work activity of individuals entitled to disability insurance benefits. Funds for the demonstration projects authorized under the new legislation and funded from the trust funds and are not part of this appropriation request. Section 234 funds are directly apportioned by the Office of Management and Budget and are estimated at $12 million for FY 2001. FY 2001 projects or activities may be funded partially under Section 1110 and partially under Section 234 to the extent that they involve both SSI and Social Security Disability Insurance (DI) programs and/or waivers.

Rationale for the Budget Request

Payment to the Trust Funds

Current law authorizes payment of SSI administrative expenses from the Social Security trust funds, with reimbursement from general funds through this appropriation. The FY 2001 request for this reimbursement is for $2,569,000,000. This amount is available to reimburse the trust funds for current-year SSI administrative expenses as well as for prior-year administrative expenses that exceed the amount appropriated through this account for reimbursement in the prior year. In the event that actual SSI administrative expenses exceed the amount available for reimbursement through this account in any fiscal year, the trust funds are made whole upon enactment of the SSI appropriation in the subsequent fiscal year.

These amounts exclude funding made available in the Limitation on Administrative Expenses (LAE) account from State user fees for SSA expenses related to administration of State SSI supplementation payments. The LAE accounts assumes funding of $91,000,000 from this source in FY 2001.

Research and Demonstration Projects

SSA's Strategic Plan includes as one of its five broad strategic goals promoting valued, strong and responsive social security programs through effective policy development, research, and program evaluation. SSA is continuing to strengthen R&D capabilities in order to fulfill this goal, actively participate in national debates on important issues facing social security programs, and deliver critical data to Agency policy makers, Congress, the media and the public. We are requesting funds for new and ongoing multi-year R&D projects and for research to support Agency initiatives.

The measurement of our success will be timely completion of quality research and evaluation, effective policy analysis, and clear communication of our findings to policy makers in the executive and legislative branches and to the public.

Since SSA became an independent agency, funds for extramural R&D projects have increased and the Agency has broadened its role and increased its investment in research activities. In the past, research projects focused on gathering information on ways to administer programs more effectively and efficiently. More recently, SSA has expanded its research agenda to respond to concerns about the growth in the disability programs and their work incentive features, retirement issues, trust fund solvency, and the impact of welfare reform on the SSI program.

The majority of the FY 2001 extramural R&D funding request will support the continuation of current research initiatives. These multi-year projects are helping SSA build its research and policy evaluation infrastructure and helping the Agency respond to new or increased demands for information on such topics as work incentive improvements. Funding for research by major category is summarized in the following table:

Major Research Areas [1]

(Dollars in millions)	FY 1999	FY 2000	FY 2001
Disability Research			
♦ National Study of Health and Activity (formerly Disability Evaluation Study)	$29.3	$ 6.0	$ 5.0
♦ Other Disability Research	$12.6	$14.2	$9.3
Retirement Research	$8.3	$9.4	$7.5
Policy Evaluation	$2.0	$7.3	$5.4
SSI Research	—	$3.4	$2.8
Total Obligations [2]	**$52.2**	**$40.3**	**$30.0**
New Budget Authority [3]	**$37.0**	**$25.1**	**$30.0**

[1] Demonstration projects authorized under Sections 301 and 302 of the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170) are wholly or partially funded from the trust funds and are not part of this request.

[2] FY 1999 and FY 2000 obligations include unobligated funds available from prior years.

[3] Funds are included for the Presidential Task Force on Employment of Adults with Disabilities as follows: FY 1999 ($1,000,000); FY 2000 ($1,085,000).

DISABILITY RESEARCH

The Agency's two disability programs, SSDI and SSI, face many challenges as we start the 21st century. The number of people on the rolls has increased, beneficiaries and recipients are becoming entitled at younger ages, and they are staying on the rolls longer. Overall, disability policy research will assist SSA in developing a comprehensive, cost-effective approach to designing policies that promote self-sufficiency and assist individuals to return to work. Key projects are as follows:

National Study of Health and Activity (formerly Disability Evaluation Study)

SSA's disability programs currently pay benefits to more than 8 million people with disabilities. The National Study of Health and Activity (NSHA) is a multi-year effort designed to provide SSA the ability to:

- Understand factors generating disability program growth;
- Determine the potential disability population;

- Understand what helps people with disabilities remain active in the workforce, and address long-term financing concerns related to the potential impact on the disability beneficiary program of raising the retirement age; and

- Develop methodologies and instrumentation for using self-reported information to assess potential disability eligibility in the future.

In FY 2001, the NSHA will begin its main nationwide study that will continue for 12 months. The study involves a nationally-representative sample of 5,500 people, including current beneficiaries, disabled non-beneficiaries who likely are eligible for benefits, less severely impaired or borderline cases, and non-beneficiaries with minor or no disabilities.

OTHER DISABILITY RESEARCH

State Partnership Initiative

Through a set of cooperative agreements begun in FY 1998, the State Partnership Initiative seeks to assist States in developing an integrated service delivery system that will increase the employment of individuals with disabilities who receive SSDI or SSI. At each site, the State will implement a team-based, comprehensive package that will coordinate vocational planning and support, employer and employee coaching, financial planning, risk management, health and long-term care, job search, and other necessary supports. Innovative approaches are sought to integrate all currently available resources in the State systems, various service agencies in the community, and the family. This effort is expected to be continued by the States with alternative funding after SSA funding expires.

SSA awarded cooperative agreements to 12 States in September 1998, with plans to continue operations through FY 2003.

Update of Medical Listings

The medical listings are the basis for decisions that result in a significant portion of new disability awards. This ongoing research effort will help to revise or update medical listings to reflect recent advances in medicine. The current round of reviews is a multi-year project that SSA anticipates will be completed in FY 2002.

Affective Disorder Treatments

In 1999, SSA began a demonstration effort to help people with affective disorders. SSA plans to provide pharmacological and psychological treatment to SSDI beneficiaries with affective (mood) disorders who volunteer for this pilot. The focus of this demonstration project is to identify the extent to which access to free, state-of-the-art treatment will result in beneficiaries with affective disorders receiving better treatment for their conditions, stabilizing their conditions, and ultimately improving their capacity to return to work.

The first phase of the project began in FY 1999 with award of a contract to develop a research and evaluation plan for the demonstration. This research plan will provide the basis for the second phase of the project, which will test the effectiveness of paying for treatments of affective disorders among beneficiaries.

Disability Research Institute

The Disability Research Institute (DRI) will be entering its second year of operation in FY 2001. The DRI is the disability program's equivalent of the Retirement Research Consortium (see below). The DRI will focus on these priorities:

- The impact of advancements in technology and medicine on the SSDI and SSI programs and beneficiaries;
- The impact of work requirements on the SSDI and SSI programs and beneficiaries;
- The effect of rehabilitation and support services on the number of people with disabilities working or reentering the workforce; and
- The interaction between medical, functional, and occupational factors and disability determinations for purposes of entitlement to SSDI and SSI benefits.

RETIREMENT RESEARCH

One of the issues facing SSA is the long-range solvency of the program. SSA is working closely with the White House and the Congress to assess the impact of the various proposals put forth for program reform. Key projects are as follows:

Retirement Income Modeling

An essential tool in SSA's efforts to assess the distributional impact of proposed changes to its programs is econometric modeling. Modeling can provide policy makers with detailed information on the effects of changes in government programs, administrative policy, and the economy. The complexity of building and maintaining useful models dictates substantial resource commitments over time, with related projects that build on each other and provide increasingly better modeling capability. SSA's efforts in this area involve three distinct projects:

- A near-term model to project the future retirement incomes of persons retiring through the year 2020 (when most of the baby-boomers will have reached retirement);
- A longer-term model that simulates the American population and calculates Social Security benefits under alternative policy scenarios; and
- Models to assess behavioral and macroeconomic responses to changes in retirement income policy.

Retirement Research Consortium

The Retirement Research Consortium (RRC), which consists of two university-based multi-disciplinary centers: "Boston College and Affiliated Institutions" and the "University of Michigan Retirement Research Center," is a key means for conducting broad-based research into retirement policy issues. The Consortium's research centers have provided SSA a vehicle for obtaining outside expertise on issues critical to the retirement policy debate, providing a training ground for future researchers, informing the public on important retirement policy issues, and improving our ability to share data. Cooperative agreements were awarded in September 1998 with plans to continue operations through FY 2003.

The RRC is examining topics such as demographics, social and economic characteristics of retirees, health limitations, early retirement options, and implications of State and local pension fund investments on the Social Security system. The consortium plans to continue emphasis on retirement income policy and long-range solvency issues, and also to seek ways to provide protection to low-income workers and their families from economic loss.

Other Retirement Research

SSA will continue to support several important sources of data such as the National Institute on Aging's Health and Retirement Survey and the Bureau of Labor Statistic's National Longitudinal Survey of Women. SSA also plans to fund a variety of other projects that focus on retirement policy issues such as:

- The effects of raising the early and normal retirement age;
- The investment practices of couples as a unit;
- The investment of the retirement trust fund in equities;
- The effects of retirement policy issues involving changes in the labor market; and
- Implications of various investments for individuals.

POLICY EVALUATION RESEARCH

Since becoming an independent agency, SSA has made a concerted effort to build a strong policy evaluation capability. Through supportive funding and increased employment of professional research staff, SSA has been able to launch a number of policy evaluation studies (e.g., effects of welfare reform on SSI children) that contribute to effective policy development based on sound research. The FY 2001 extramural research budget proposes to continue strengthening this policy evaluation function. Key projects are as follows:

Ticket to Work -- The independent evaluation of the Ticket to Work and Self-Sufficiency Program required by P.L. 106-170 will examine the total and net costs of the program, the individual and service provision characteristics of service providers and provider networks, the appeal of the program among the eligible population, employment outcomes, and the satisfaction of participants with the program in general. To the degree possible, the evaluation will utilize information from administrative sources and the Ticket implementation process. Such data will be insufficient, however, to cover many of the evaluation topics required under the legislation. This will be especially true for eligible non-participants and comparison individuals in areas not yet Ticket-eligible. A significant survey effort will therefore be required to supply the necessary supplemental information to meet these evaluation requirements.

The evaluation will have two components. The first will involve a contract to provide data development from existing sources, to design the supplemental data survey, and to design the specific evaluation components to meet the legislative requirements. The second phase will utilize a multiyear contract to carry out the supplemental data survey and evaluation design, and provide the Congressional evaluation reports mandated in the law.

State Partnership Initiative -- The primary research objective of the evaluation of the State Partnership Initiative is to determine the net impact of the initiative compared to the results that would occur under the current system.

SSI RESEARCH

This separate category of research projects reflects the importance given to management of the SSI program in SSA's Performance Plan. Key projects are as follows:

SSI Children Survey -- SSA will conduct a survey of children with disabilities. This survey will fill a critical need for information about this population. (The most recent nationally representative survey of SSI children was conducted in 1978.) The data obtained through this survey will support analyses of future changes to the SSI program that may affect children. It also supports the Commissioner's pledge to thoroughly evaluate the effect of welfare reform on SSI children.

SSI Financial Eligibility Model and Analytic Studies -- In addition to the impact of possible program changes on SSI children with disabilities, SSA is often called upon to estimate the effects of changes on other populations as well. Through this project we expect to refine and update a microsimulation model to analyze the distributional impact of changes in the SSI eligibility rules.

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SOCIAL SECURITY ADMINISTRATION

Limitation on Administrative Expenses

For necessary expenses, including the hire of two passenger motor vehicles, and not to exceed $10,000 for official reception and representation expenses, not more than [$6,111,871,000] *$6,593,000,000* may be expended, as authorized by section 201(g)(1) of the Social Security Act, from any one or all of the trust funds referred to therein: *Provided*, That not less than $1,800,000 shall be for the Social Security Advisory Board: *Provided further,* That unobligated balances at the end of fiscal year [2000] *2001* not needed for fiscal year [2000] *2001* shall remain available until expended to invest in the Social Security Administration [computing network] *information technology and telecommunications hardware and software infrastructure,* including related equipment and non-payroll administrative expenses [associated solely with this network: *Provided further*, That reimbursement to the trust funds under this heading for expenditures for official time for employees of the Social Security Administration pursuant to section 7131 of title 5, United States Code, and for facilities or support services for labor organizations pursuant to policies, regulations, or procedures referred to in section 7135(b) of such title shall be made by the Secretary of the Treasury, with interest, from amounts in the general fund not otherwise appropriated, as soon as possible after such expenditures are made].

[From funds provided under the previous paragraph, notwithstanding the provision under this heading in Public Law 105-277 regarding unobligated balances at the end of fiscal year 1999 not needed for such fiscal year, an amount not to exceed $100,000,000 from such unobligated balances shall, in addition to funding already available under this heading for fiscal year 2000, be available for necessary expenses.]

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From funds provided under the first paragraph, not less than $200,000,000 shall be available for conducting continuing disability reviews.

In addition to funding already available under this heading, and subject to the same terms and conditions, [$405,000,000] *$450,000,000,* to remain available until September 30, [2001] *2002*, for continuing disability reviews as authorized by section 103 of Public Law 104-121 and section 10203 of Public Law 105-33. The term "continuing disability reviews" means reviews and redeterminations as defined under section 201(g)(1)(A) of the Social Security Act, as amended.

In addition, [$80,000,000] *$91,000,000* to be derived from administration fees in excess of $5.00 per supplementary payment collected pursuant to section 1616(d) of the Social Security Act or section 212(b)(3) of Public Law 93-66, which shall remain available until expended. To the extent that the amounts collected pursuant to such section 1616(d) or 212(b)(3) in fiscal year [2000] *2001* exceed [$80,000,000] *$91,000,000*, the amounts shall be available in fiscal year [2001] *2002* only to the extent provided in advance in appropriations Acts.

[From amounts previously made available under this heading for a state-of-the-art computing network, not to exceed $100,000,000 shall be available for necessary expenses under this heading, subject to the same terms and conditions.]

From funds [provided under the first paragraph, the Commissioner of Social Security may direct up to $3,000,000, in addition to funds] previously appropriated for this purpose, *any unobligated balances at the end of fiscal year 2000 shall be available* to continue Federal-State partnerships which will evaluate means to promote Medicare buy-in programs targeted to elderly and disabled individuals under titles XVIII and XIX of the Social Security Act. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2000, as enacted by section 1000(a)(4) of the Consolidated Appropriations Act, 2000 (P.L. 106-113).)*

Limitation on Administrative Expenses

Language Analysis

Language Provision	Explanation
"Provided further, That unobligated balances at the end of fiscal year [2000] *2001* not needed for fiscal year [2000] *2001* shall remain available until expended to invest in the Social Security Administration [computing network] *information technology and telecommunications hardware and software infrastructure,* including related equipment and non-payroll administrative expenses."	This provision allows the carryover of unobligated balances into subsequent years for non-payroll automation and telecommunications investment costs.
"From funds provided under the first paragraph, not less than $200,000,000 shall be available for conducting continuing disability reviews."	This provision establishes a base funding level for continuing disability reviews as specified in P.L. 104-121.
"In addition to funding already available under this heading, and subject to the same terms and conditions, [$405,000,000] *$450,000,000,* to remain available until September 30, [2001] *2002,* for continuing disability reviews as authorized by section 103 of Public Law 104-121 and section 10203 of Public Law 105-33. The term "continuing disability reviews" means reviews and redeterminations as defined under section 201(g)(1)(A) of the Social Security Act, as amended."	This provision makes available additional funding for which the government-wide discretionary spending caps can be adjusted for continuing disability reviews above the base funding level as authorized by P.L. 104-121.
"In addition, [$80,000,000] *$91,000,000* to be derived from administration fees in excess of $5.00 per supplementary payment collected pursuant to section 1616(d) of the Social Security Act or section 212(b)(3) of Public Law 93-66, which shall remain available until expended."	This provision makes available additional funding derived from fees charged to States for administration of States' supplementary payments.

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Language Provision	Explanation
"From funds [provided under the first paragraph, the Commissioner of Social Security may direct up to $3,000,000, in addition to funds] previously appropriated for this purpose, *any unobligated balances at the end of fiscal year 2000 shall be available* to continue Federal-State partnerships which will evaluate means to promote Medicare buy-in programs targeted to elderly and disabled individuals under titles XVIII and XIX of the Social Security Act."	This provision allows the carryover of unobligated balances previously appropriated for this purpose at the end of fiscal year 2000 to evaluate and continue the Medicare buy-in programs for Qualified Medicare Beneficiaries.

Limitation on Administrative Expenses

Amounts Available for Obligation [1]
(Dollars in thousands)

	1999 Actual	2000 Appropriation	2001 Estimate
Appropriation subject to discretionary caps	$6,071,000	$6,191,871	$6,684,000
Reduction pursuant to P.L. 106-51	-7,981 [2]	—	—
Reduction pursuant to P.L. 106-113	—	-4,835	—
Subtotal, appropriation	$6,063,019	$6,187,036	$6,684,000
Adjustment to discretionary caps for continuing disability reviews	$355,000	$405,000	$450,000
Reduction pursuant to P.L. 106-113	—	-20,000	—
Total adjustment to discretionary caps	$355,000	$385,000	$450,000
Total, appropriation	$6,418,019	$6,572,036	$7,134,000
Recovery of prior year obligations	3,640	—	—
Unobligated balance, start-of-year	389,959	287,630	—
Unobligated balance, end-of-year	-287,630	—	—
Unobligated balance lapsing	-40,395	—	—
Total obligations	$6,483,593	$6,859,666	$7,134,000

Note: Columns may not add due to rounding.

[1] Includes the following amounts from user fees paid by States for Federal administration of State supplementation payments (dollars in thousands): FY 1999 ($75,000); FY 2000 ($80,000); FY 2001 ($91,000).

[2] In the report to the Appropriations Committees, the rescission was shown as coming from the Disability Insurance Trust Fund. In the Budget Appendix for the FY 2001 President's budget, it is shown as a rescission of discretionary appropriation authority from the Old-Age and Survivors Insurance Trust Fund. The actual impact by trust fund of this rescission of LAE authority is determined through SSA's cost accounting system.

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Limitation on Administrative Expenses

Budgetary Resources and Outlays
(Dollars in thousands)

	FY 1999 Actual	FY 2000 Appropriation	FY 2001 Estimate
Total LAE Budget Resources	**$6,418,019**	**$6,572,036**	**$7,134,000**
Old-Age and Survivors Insurance and Disability Insurance Trust Funds	$3,100,019	$3,109,036	$3,378,000
Supplemental Security Income (SSI) Appropriation for Payment to the Trust Funds	$2,291,000	$2,342,000	$2,569,000
Hospital and Supplemental Medical Insurance Trust Funds	$952,000	$1,038,000	$1,094,000
User Fees Paid by States for Federal Administration of SSI State Supplementation Payments	$75,000	$80,000	$91,000
Special Benefits for Certain World War II Veterans Permanent Indefinite Appropriation	---	$3,000	$2,000

Adjustments to Discretionary Caps for Continuing Disability Reviews (Included Above)	**$355,000**	**$385,000**	**$450,000**
Disability Insurance Trust Funds	($178,000)	($185,000)	($240,000)
SSI Appropriation for Payment to the Trust Funds	($177,000)	($200,000)	($210,000)

Total LAE Outlays	**$6,493,385**	**$6,679,000**	**$7,277,000**

Limitation on Administrative Expenses

Summary of Changes
(Dollars in thousands)

FY 2000 Appropriation	$6,572,036 [1]
FY 2000 authority provided by Congress for the redirection of prior year Automation Investment Funds	+100,000
Subtotal	$6,672,036
FY 2001 Request	$7,134,000 [1]
Net change	+$461,964
Obligations funded from other unexpended balances	-$187,630
Net change in obligations	$274,334

	FY 2000 Base Workyears (FTE)	FY 2000 Base Obligations	Change from Base Workyears (FTE)	Change from Base Obligations
Total LAE Budget				
Increases:				
A. Built-in				
1. Change in base payroll expenses, including costs of periodic step increases, health benefits, career ladder promotions and new employees hired under the Federal Employees Retirement System	64,311 (62,514)	$3,957,240	--- ---	+$81,720
2. Annualization of the average January 2000 Federal pay increase of 4.8%	---	---	---	+$45,479
3. Nine-month effect of assumed 3.7 percent Federal pay increases effective January 2001	---	---	---	+$101,521
4. Mandatory growth in nonpayroll costs, including higher costs of rent [2] and postage	---	---	---	+$26,306

[1] Amounts include the following from user fees paid by States for Federal administration of State supplementation payments (dollars in thousands): FY 2000 ($80,000); FY 2001 ($91,000).

[2] Rent estimate reflects actual costs for trust fund space.

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	FY 2000 Base Workyears (FTE)	FY 2000 Base Obligations	Change from Base Workyears (FTE)	Change from Base Obligations
5. Change in ongoing costs of maintaining and enhancing computer and telecommunication services	—	$257,895	—	+$43,105
Subtotal, built-in increases	—	—	—	+$298,131
B. Program				
1. Increase in State Disability Determination Services (DDS) costs, including pay raises and the cost of medical evidence	—	$1,458,949	—	+$46,589
2. Increase in guard services including restoration of FY 2000 costs funded in FY 1999	—	$41,591	—	+$37,322
3. Increase for program management contracts, outreach grants, and related expenses to implement return to work legislation	—	$12,400	+150 (+150)	+$45,582
4. Increase for retrofit of modular furniture	—	—	—	+$16,545
5. Increase for building renovations to update SSA's facilities and investments in other initiatives (e.g., representative payee, combat fraud, electronic service delivery, enhance physical security, educate the public about Social Security)	—	—	—	+$10,277
Subtotal, program increases	—	—	—	+$156,315
Total increases	—	—	—	+$454,446

	FY 2000 Base Workyears (FTE)	FY 2000 Base Obligations	Change from Base Workyears (FTE)	Change from Base Obligations
Decreases:				
Program				
1. Decrease in Automation Investment Fund (AIF) obligations. No new budgetary resources requested as project nears completion and carryover funds are used to meet project costs	—	$50,804	—	-$50,804
2. Net decrease in SSA workyears	—	—	-1,572 (-408)	-$99,790
3. One-time cost for construction of standalone childcare center at headquarters	—	$7,419	—	-$7,419
4. Net decrease in DDS workyears (-315 workyears)	—	—	—	-$22,099
Subtotal, program decreases	—	—	-1,422 (-258)	-$180,112
Total decreases	—	—	-1,422 (-258)	-$180,112
Total LAE obligations, net change	—	$6,859,666	—	+$274,334
Less obligations funded from unexpended prior year balances	—	-$187,630	—	-$187,630
Total LAE budgetary resources, net change	—	$6,672,036	—	+$461,964
Total consists of:				
Base LAE expenses		$6,107,036		+$485,964
SSI user fee		$80,000		+$11,000
Continuing disability review funding (adjustment to discretionary caps)		$385,000		+$65,000
AIF redirection		$100,000		-$100,000

Total LAE obligations, net change	+$274,334
Less obligations funded from:	
Carryover of FY 1999 unexpended balances	-$110,431
Prior year unexpended balances	-$77,199
Total appropriation, net change	$461,964

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Limitation on Administrative Expenses

Budgetary Resources by Activity [1]
(Dollars in thousands)

	FY 1999 Actual	FY 2000 Appropriation	FY 2001 Estimate
Limitation on Administrative Expenses (LAE)			
Current Operating Budget	$6,063,019	$6,187,036	$6,684,000
(Obligations)	($5,978,876)	($6,403,431)	($6,684,000)
Adjustment to Discretionary Caps for Continuing Disability Reviews	$355,000	$385,000	$450,000
(Obligations)	($334,569)	($405,431)	($450,000)
Automation Investment Fund	---	---	---
(Obligations)	($170,148)	($50,804)	---
Total	$6,418,019	$6,572,036	$7,134,000
(Obligations)	($6,483,593)	($6,859,666)	($7,134,000)

[1] Includes the following amounts from user fees paid by States for Federal administration of State supplementation payments (dollars in thousands): FY 1999 ($75,000); FY 2000 ($80,000); FY 2001 ($91,000).

Limitation on Administrative Expenses

Budgetary Resources by Object
(Dollars in thousands)

	FY 2000 Obligations [1]	FY 2001 Estimate [1]	Increase or Decrease
Personnel compensation			
Permanent positions	$2,987,482	$3,125,205	+$137,723
Positions other than permanent	137,710	144,203	+6,493
Other personnel compensation	120,872	60,026	-60,846
Special personal service payments	1,200	1,200	0
Subtotal, personnel compensation	$3,247,264	$3,330,634	+$83,370
Personnel benefits	$709,977	$764,536	+$54,559
Travel and transportation of persons	45,994	48,268	+2,274
Transportation of things	6,600	7,896	+1,296
Rent, communications and utilities:			
Rental payments to GSA	363,953	387,415	+23,462
Rental payments to others	1,681	1,723	+42
Communications, utilities & miscellaneous charges	276,588	263,379	-13,209
Printing and reproduction	37,927	40,922	+2,995
Consulting services	7,212	7,571	+359
Other services	1,949,104	2,058,898	+109,794
Supplies and materials	48,791	54,691	+ 5,900
Equipment	113,900	126,393	+12,493
Land and structures	35,280	27,906	-7,374
Insurance claims and indemnities	8,467	8,471	+4
Interest and dividends	6,928	5,297	-1,631
Total, obligations by object	$6,859,666	$7,134,000	+$274,334
Less obligations funded from unexpended prior year balances	-287,630	0	+287,630
Total, budgetary resources	$6,572,036	$7,134,000	+$561,964
Payments to State Disability Determination Services included above	$1,458,949	$1,483,439	+$24,490
Automation Investment Fund included above (funded from unexpended prior year balances)	$50,804	$0	-$50,804
Note: Totals above include the following estimates (dollars in thousands):			
Education and training of the acquisition workforce	$150	$150	$0
Energy conservation measures	$1,000	$1,000	$0

[1] Includes the following amounts from user fees paid by States for Federal administration of State supplementation payments (dollars in thousands): FY 2000 ($80,000); FY 2001 ($91,000).

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Limitation on Administrative Expenses

Average Grade and Salary

	FY 2000 Appropriation	FY 2001 Estimate	Increase or Decrease
Average ES salary	$123,200	$127,900	+$4,700
Average GS grade	10	10	—
Average GS salary	$47,600	$50,000	+$2,400

Limitation on Administrative Expenses

Significant Items in House and Senate Appropriations Committee Reports

FY 2000 House Report

Government Performance and Results Act (GPRA)	Actions Taken or To Be Taken
The Committee continues to believe that the Departments and agencies under its jurisdiction have made adequate progress toward the establishment of goals and other benchmarks as required by the Government Performance and Results Act....As noted in specific instances throughout this Report, the Committee feels that individual performance indicators need to be developed for each program....Individual indicators need to be specific and measurable wherever possible, need to be consistent with other measures used in similar programs and need to be supported by systems that can provide annual information on the progress being made toward achieving the stated goals....The Committee expects that each Department and office funded in the bill will be prepared to testify during the fiscal year 2001 cycle on how performance and outcome measures are being used to manage their programs, including: ♦ How outcome and performance goals are being established for individual offices within departments and how they are held accountable for the achievement of these goals; ♦ How such data is used to establish individual performance goals; and ♦ How actual performance is measured against these goals and the kinds of incentives, both positive and negative, that are in place to assure the achievement of overall goals.	Under the Commissioner's leadership, SSA has been operating in accordance with its 1997 GPRA Agency Strategic Plan. The Commissioner consistently reinforces the GPRA theme of management for results as the Agency considers, initiates, and implements initiatives to address the challenges facing the Agency. He has designated members of the SSA Executive Staff as executive sponsors or as teams of co-sponsors for each strategic objective contained in the strategic plan. Sponsors are accountable for achieving progress against measurable results and assuring the integration of Agency initiatives necessary to achieve the goal. Sponsors assess current performance in the area assigned, identify gaps between current and target performance, propose strategies and initiatives to close the gap, and establish an infrastructure for managing Agency progress toward achievement of the objective.

Operating Plans

The Committee directs the Departments and agencies identified in the report accompanying the fiscal year 1998 bill to continue to provide it with operating plans on the dates identified in that report. The Committee further directs that, in any account, other than state and formula grant accounts, in which the funding level appropriated is different from the President's request, the reporting agency provide information to the Committee at a level of detail, consistent with the budget request, on the programs, projects and activities to be funded during the fiscal year....

Actions Taken or To Be Taken

A preliminary Operating Plan was forwarded to the Appropriations Committees on December 15, 1999. SSA's final FY 2000 Operating Plan was forwarded to the Appropriations Committees on January 21, 2000.

Chronic Fatigue Syndrome

The Committee has noted in previous reports that victims of Chronic Fatigue Syndrome face substantial obstacles in applying for Social Security Disability Insurance. The Committee is pleased that SSA has issued a ruling clarifying the proper adjudication of CFS disability claims. Given the long history of difficulty in obtaining benefits by CFS sufferers, the Committee urges SSA to undertake an aggressive training program to assure that the new ruling is understood and implemented in considering claims by CFS sufferers. The Committee also supports the formation of an active CFIDS advisory committee within SSA. Finally, the Committee encourages SSA to continue its review of the obstacles to benefits for persons with CFIDS, to assess the impact of the new ruling and to keep medical information updated throughout all levels of the application and review process.

Actions Taken or To Be Taken

SSA provided interactive video training on the CFS ruling to all adjudicators in July 1999, with follow-up training in August 1999, on the key points of the ruling as part of an ongoing Office of Training disability initiative known as the "Disability Hour." SSA will continue to monitor the implementation of the ruling by case review processes and regional office contacts.

SSA believes that a separate advisory committee within SSA is not warranted and would overlap the work of the CFS Interagency Coordinating Committee in which SSA actively participates. We believe we have established productive relationships with experts in CFS, have called upon them for assistance when needed, and will continue to do so.

SSA intends to continue to monitor its practices to ensure that there are no obstacles to benefits for persons disabled as a result of CFS. We will assess the impact of the ruling over time as data become available and will update medical information as needed for all disability adjudicators.

CDRs

The bill provides an additional $405,000,000 for continuing disability reviews (CDRs) above the base amount of $200,000,000 provided in the regular limitation on administration. This amount represents an increase of $50,000,000 above the comparable fiscal year 1999 appropriation and is the same as the budget request. The Committee has provided this funding with the expectation that processing of additional CDRs will reduce trust fund liabilities far in excess of the cost of such processing.

Actions Taken or To Be Taken

SSA completed its most recent CDR report in October 1999 and transmitted a copy of the report to the Appropriations Committees. As indicated in the report, SSA spent $462 million in FY 1998 to process 1,391,889 CDRs. The present value of future benefits saved from this activity was estimated to be $5.6 billion, including savings in the DI, SSI, Medicare, and Medicaid programs. This effort is continuing into FY 2001.

Reporting on Official Time

The Committee requests that all of the Departments and agencies funded in this bill submit annually the following information concerning the subject of official time. This information is to be submitted by January 1 of each year.

- Number of hours of official time that employees spent on union activities
- Number of employees who used official time for union activities
- Number of employees who spent 100 percent of their time on union activities
- Dollar value of the official time spent on union activities
- Dollar value of the office space, equipment, telephone use and supplies provided to unions
- Benefits and disadvantages of using official time for union activities

Actions Taken or To Be Taken

A report on the use of official time in SSA for FY 1999, including related costs and benefits, was forwarded to the Appropriations Committee on January 14, 2000.

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FY 2000 Senate Report

Appeals Council Workload	Actions Taken or To Be Taken
The Committee recognizes the significant problems facing the Social Security Appeals Council, due to their overwhelming workload....Since improvements have been made to other aspects of the hearings process of the Social Security Administration, the Committee understands that more resources could be directed towards the appeals council workload. By doing this, the Committee believes that many of the cases still pending will be processed in a more timely manner.	SSA is actively reviewing the workloads at the Appeals Council level and considering ways to improve processing times, including additional resources and revised case management techniques. Immediate actions planned include detailing staff to reduce pending reprographic inventory and providing technical support to identify cases ready for processing. Also planned for the near term are temporarily employing non-Appeals Council resources to reduce pending caseloads, and implementing differential case management techniques to ensure appropriate processing. Actions for FY 2000 will have minimal impact on resources. The FY 2001 budget would direct more resources to the Appeals Council workload. In addition, for the longer term (FYs 2001-2003), initiatives being considered include improving storage and retrieval of claims files, strengthening the Appeals Council organization, and enhancing automation support. Passage of the Administration's proposal to adjust Administrative Appeals Judges' salaries would add stability to the Appeals Council.

FY 2000 Conference Report

Medicare Buy-in Programs

The conference agreement includes language authorizing the Commissioner of Social Security to use up to $3,000,000, in addition to amounts appropriated previously, for Federal-State partnerships to evaluate ways to promote Medicare buy-in programs targeted to elderly and disabled individuals.

Actions Taken or to be Taken

In FY 1999, SSA conducted a five-model demonstration to look at the barriers to enrollments in the Medicare buy-in programs. Three models were designed to measure variations at different levels of SSA intervention after targeted mailings. SSA eligibility screenings were followed by applications with the county agency (Screening model), with a Medicaid worker in an SSA office (Co-location model), or with an SSA employee in an SSA office (Application model). The Peer Assistance model used targeted mailings referring beneficiaries to volunteers for assistance with the buy-in eligibility process. The Widow(er)s model did not use mailings; it measured targeted buy-in intervention in the existing Social Security death reports process. A report on the results of these models is expected in a few months.

SSA's 2000 demonstration models will build upon experience gained in 1999 to further examine the obstacles to buy-in enrollments. The 2000 demonstration models include:

- Profiling the retiring and newly disabled for income and assets to find out more about the unserved population;
- A greater SSA role in the buy-in application process;
- Continued testing of peer, rather than governmental, assistance in the application process; and
- A continuation of buy-in intervention in the death reports process (Widow(er)s model).

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Limitation on Administrative Expenses

Authorizing Legislation
(Dollars in thousands)

	2000 Amount Authorized	2000 Appropriation	2001 Amount Authorized	2001 Budget Request
Title II, Section 201(g)(1) of the Social Security Act.....	Indefinite	$6,572,036 [1]	Indefinite	$7,134,000 [2]

[1] Includes $80 million from user fees paid by States for Federal administration of SSI State supplementation payments. The appropriation makes available, until September 30, 2001, an additional $385,000,000 above the government-wide discretionary caps for continuing disability reviews authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.

[2] Includes $91 million from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes an additional $450,000,000 to remain available until September 30, 2002, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.

Limitation on Administrative Expenses

Appropriation History Table

Fiscal Year	Budget Estimate To Congress	House Allowance	Senate Allowance	Appropriation
1992	$4,532,000,000	$4,582,000,000	$4,442,000,000	$4,550,456,000 [1]
1993	$4,749,142,000 [2]	$4,652,150,000	$4,579,839,000	$4,813,101,000 [3]
Supplemental [4]	$302,000,000	$10,000,000	$10,000,000	$10,000,000
1994 [5]	$6,119,285,000	$5,524,285,000	$5,416,085,000	$5,496,085,000
Rescission [6]				-$80,000,000
1995 [7]	$5,824,785,000	$5,609,785,000	$5,541,011,000	$5,540,071,000
1996	$6,209,402,000 [8]	$5,910,268,000	$5,845,183,000 [9]	$5,864,935,000 [10]
1997	$6,582,468,000 [11]	$6,309,870,000	$6,357,198,000	$6,406,577,000 [12]
1998	$6,521,040,000 [13]	$6,418,040,000	$6,462,708,000	$6,409,040,000 [14]
1999	$6,448,000,000 [15]	$6,379,000,000	$6,462,000,000	$6,426,000,000
Rescission [16]				-$7,981,000
2000	$6,706,000,000 [17]	$6,481,000,000	$6,673,871,000	$6,572,036,000 [18]
2001	$7,134,000,000 [19]			

[1] The $4,582,000,000 included in the language for the limitation account for FY 1992 was reduced by $31,544,000 in accordance with sections 214 and 513(a) of the Departments of Labor, Health and Human Services, Education and Related Agencies Appropriations Act, 1992 (P.L. 102-170).

[2] The program level funding requested for LAE for FY 1993, $4,809,142,000, included $60,000,000 in user fees. A change in the appropriation language for this account would have given the Secretary the authority to charge States for SSA's work in administering SSI State supplemental payments.

[3] The $4,899,142,000 included in the language for the limitation account for FY 1993 was reduced by $86,041,000 in accordance with sections 216, 511 and 513 of the Departments of Labor, Health and Human Services, Education and Related Agencies Appropriations Act, 1993 (P.L. 102-394).

[4] A FY 1993 Supplemental Appropriation for $302,000,000 for the processing of disability work, investments in automation, infrastructure improvements and to carry out new activity related to the Coal Industry Retire Health Benefit Act (CIRHBA) of 1992 was submitted to the Congress. The Congress approved in P.L. 102-486 $10,000,000 of the FY 1993 supplemental request for CIRHBA.

[5] The $6,119,285,000 requested for FY 1994 included $120,000,000 in Disability Investment Funding and $1,125,000,000 for SSA's planned 5-year Automation Investment Fund. The Congress approved $320,000,000 for Disability Investment Funding and $300,000,000 for the Automation Investment Fund.

[6] The Congress rescinded, as part of P.L. 103-211, $80,000,000 from Automation Investment Funding. This resulted in an Automation Investment Fund of $220,000,000.

[7] The FY 1995 President's Budget included $280,000,000 in Disability Investment Funding and $385,000,000 in Automation Investment Funding. The Congress approved $320,000,000 in Disability Investment Funding and $88,283,000 in Automation Investment Funding.

[8] The FY 1996 President's amended budget includes $534,000,000 in Disability Investment Funding and $357,000,000 in Automation Investment Funding and $21,202,000 for functions transferred to SSA from the Office of the Secretary, HHS for administrative expenses.

[9] The Senate Committee's recommendation includes $407,000,000 for Disability Investment Funding and $167,000,000 for Automation Investment Funding.

[10] The $5,881,768,00 included in the language for the limitation account for FY 1996 was reduced by $16,833,000 in accordance with sections 513 and 31002 of the Departments of Labor, Health and Human Services, Education and Related Agencies Appropriations Act, 1996 (P.L. 104-134). The appropriation makes available, until September 30, 1997, an additional $60,000,000 above the government-wide discretionary caps authorized by section 103 of P.L. 104-121 for continuing disability reviews.

[11] The FY 1997 President's budget included $300,000,000 for Automation Investment and, contingent on the passage of legislation and further congressional action, $260,000,000 to increase the number of continuing disability reviews and $250,000,000 to implement reforms in the SSI program.

[12] The $6,418,277,000 included in the language for the limitation account for FY 1997 was reduced by $11,700,000 in accordance with section 519 of the Departments of Labor, Health and Human Services, Education and Related Agencies Appropriations Act, 1997 (P.L. 104-208). The appropriation makes available, until September 30, 1998, an additional $310,000,000 above the government-wide discretionary caps for continuing disability reviews authorized by section 103 of P.L. 104-121 and Supplemental Security Income administrative work authorized by P.L. 104-193.

[13] Included $35,000,000 to be derived from a proposed increase in user fees paid by States for Federal administration of State supplementation SSI payments.

[14] Included $35,000,000 to be derived from a proposed increase in user fees paid by States for Federal administration of State supplementation SSI payments. The appropriation makes available, until September 30, 1999, an additional $290,000,000 above the government-wide discretionary caps for continuing disability reviews authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.

[15] Includes $75,000,000 to be derived from a proposed increase in user fees paid by States for Federal administration of State supplementation SSI payments and an additional $355,000,000 to remain available until September 30, 2000, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33. Also includes $50,000,000 from the proposal to authorize an adjustment to the FY 1999 discretionary spending limits for amounts appropriated to conduct additional redeterminations of non-disability factors of eligibility under the SSI program, and $19,000,000 from the proposal to impose a monetary assessment on representatives of Social Security and SSI claimants.

[16] As part of P.L. 106-51, $7,981,000 was rescinded from the LAE account.

[17] Includes $99,000,000 for user fees: $80,000,000 from fees paid by States Federal administration of SSI State supplementation SSI payments and $19,000,000 from monetary assessment of attorneys representing Social Security claimants (proposed). Also includes an additional $405,000,000 to remain available until September 30, 2001, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.

[18] Includes $80 million from user fees paid by States for Federal administration of SSI State supplementation payments. The appropriation makes available, until September 30, 2001, an additional $385,000,000 above the government-wide discretionary caps for continuing disability reviews authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33. The amount available also reflects the LAE account's share (-$24,835,000) of the government-wide rescission enacted as part of P.L. 106-113.

[19] Includes $91 million from user fees paid by States for Federal administration of SSI State supplementation payments. Also includes an additional $450,000,000 to remain available until September 30, 2002, for continuing disability reviews as authorized by section 103 of P.L. 104-121 and section 10203 of P.L. 105-33.

Limitation on Administrative Expenses

Justification

GENERAL STATEMENT

OVERVIEW

The Social Security Administration (SSA) is responsible for three major programs:

- Old-Age and Survivors Insurance (OASI);
- Disability Insurance (DI); and
- Supplemental Security Income (SSI).

Social Security is the most successful domestic program in the nation's history and arguably the single most effective antipoverty program ever created, providing more than half the income for two-thirds of seniors. Without Social Security benefits, half of the elderly today would be living in poverty.

Social Security also pays benefits to young survivors and spouses of workers who have died as well as to disabled workers and their families. The disability and survivors benefits make up about a third of all Social Security benefits paid.

The SSI program, which is funded through general revenues, provides cash assistance to financially needy individuals who are aged, blind or disabled. SSA also provides a significant measure of service delivery support to the Medicare, Medicaid, Black Lung, Railroad Retirement and Food Stamps programs. In FY 2001, SSA will make Federal benefit payments monthly to about 50 million people for an annual total of $449 billion. In addition to providing monthly benefit payments, our responsibilities include:

- Issuing Social Security numbers;
- Taking and processing claims for benefits;
- Adjudicating appeals of disputed decisions;
- Collecting wage reports from employers;
- Maintaining life-long earnings records for over 90 percent of the working population; and
- Processing millions of actions to keep beneficiary records current and accurate.

SSA touches the lives of virtually every American--95 percent of Americans have the benefit protection provided by our programs and nearly one in five Americans receives benefits from Social Security's programs.

SSA's overall FY 2001 administrative budget proposal totals $7.237 billion for all administrative accounts. This funding level will enable SSA to process substantial day-to-day workloads and to maintain a level full-time permanent workforce. This budget continues efforts to improve the disability decision-making process, continues to implement important Return-to-Work provisions, and maintains a strong focus on program stewardship and integrity.

SSA's FY 2001 administrative budget proposal is summarized below by appropriation account ($ in millions).

Limitation on Administrative Expenses:	
Base Operations [1]	$6,626
Continuing Disability Reviews (Cap Adjustment)	$450
Return-to-Work [2]	$58
Subtotal, Limitation on Administrative Expenses	**$7,134**
Office of the Inspector General	**$73**
Research [3]	**$30**
Total Budgetary Resources	**$7,237**

RECENT SSA BUDGET ACCOMPLISHMENTS

In FY 1999, SSA paid $332 billion in federal benefits to 38 million OASI beneficiaries, $50 billion to more than 6 million DI beneficiaries, and over $28 billion to almost 7 million SSI recipients (including individuals receiving benefits from more than one program). In addition to carrying out these responsibilities, SSA has made progress in meeting a wide range of challenges despite tough choices required to operate within appropriated resources:

- SSA's Year 2000 conversion went smoothly. We worked closely with the Treasury Department, Federal Reserve, and the Postal Service to ensure that Social Security and Supplemental Security Income checks and direct deposit payments for January 2000 and beyond were paid timely and without interruption.

- At the end of FY 1999, we had successfully installed more than 70,000 intelligent workstations and nearly 2,000 local area networks in SSA and State Disability Determination Service (DDS) offices throughout the country, without any disruption to our ability to serve the public.

- SSA began sending Social Security Statements to all workers 25-years of age and over on an annual basis beginning October 1, 1999. In FY 2000, SSA will deliver 126 million Social Security Statements.

- We conducted over 1.7 million periodic continuing disability reviews (CDRs) in FY 1999, and are processing 1.8 million periodic CDRs in FY 2000.

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1 Includes $91 million in user fees from States for Federal administration of State supplementation of SSI payments.

2 Includes $23 million for the work incentives outreach program grants.

3 Includes $7 million in base research funding classified by OMB as "mandatory under Appropriations Committee jurisdiction" under the Budget Enforcement Act.

- During FY 1999, we conducted over 2.1 million SSI non-disability redeterminations. We expect to process more than 2.0 million in FY 2000.

- End-of-Year hearings pending dropped to 312,000 in FY 1999. We anticipate reducing the number of hearings pending even further in FY 2000, to 240,000.

- We continue to stress effective debt management. SSA collected over $1.8 billion in debt during FY 1999 and expects to collect approximately $2 billion in FY 2000.

- We have continued to increase the investigative strength of our Inspector General to enable more aggressive pursuit of fraud and abuse.

- We issued 16.3 million Social Security number cards in FY 1999 and expect to issue a similar amount in FY 2000.

- We processed 250 million earnings items in FY 1999 and will process an estimated 259 million in FY 2000.

- In FY 1999, we handled 58.8 million calls to SSA's 800-number, and 95.8 percent of callers successfully accessed SSA within five minutes of their initial call. We expect to handle approximately 57 million calls in FY 2000 with a 92 percent five-minute access rate.

WHAT SSA WILL DELIVER WITH THIS BUDGET

SSA's FY 2001 budget is driven by a commitment to its five strategic goals:

- *Delivering Customer-Responsive, World-Class Service;*
- *Making SSA Program Management the Best-in-Business, with Zero Tolerance for Fraud and Abuse;*
- *Promoting Valued, Strong and Responsive Social Security Programs and Conducting Effective Policy Development, Research, and Program Evaluation;*
- *Strengthening Public Understanding of the Social Security Programs; and*
- *Being an Employer that Values and Invests in Each Employee.*

This budget plan supports SSA's five strategic goals by:

- Continuing to establish and implement SSA's new Ticket to Work and Self-Sufficiency Program.

- Pursuing a disability decision process that is more equitable and more responsive by:

  - ✓ Prototyping (in 10 State DDS's) the combined successes from SSA's recent disability process redesign pilots.
  - ✓ Providing for Hearings Process Improvements (HPI) through which SSA will streamline case processing and improve customer service by significantly reducing how long it takes to process hearings.

- Implementing efficiencies and investing sufficient resources to process more work in FY 2001 while maintaining most service levels in the face of growing demands.

- Maintaining our stronger focus on DI and SSI program stewardship and integrity by continuing SSA's ambitious 7-year CDR plan, conducting over 2 million SSI non-disability redeterminations, and vigorously pursuing debt.

- Taking aggressive action to detect, investigate and prevent fraud and abuse.

- Expanding the range of services offered electronically to our customers.

- Continuing to strengthen SSA's policy-making and long-range planning processes, including research.

- Continuing to support the Administration's efforts to educate the American public on Social Security programs and issues.

- Providing a safe and healthy work environment and effective training and career development for SSA employees.

At the same time, this budget will allow SSA to process substantial day-to-day workloads in FY 2001--the major factor which drives SSA's administrative resource needs--including:

- Paying benefits to about 50 million people every month;
- Taking more than 5 million claims for benefits;
- Issuing 16 million new and replacement Social Security number cards;
- Posting 259 million earnings items to workers' earnings records;
- Handling 57 million calls to SSA's 800-number; and
- Issuing 126 million Social Security Statements to help provide a broad-based understanding of the protections afforded by Social Security.

However, meeting these expectations will be heavily dependent on continuing success in our automation efforts and will not come without continuing stresses and strains on the organization, as we press to manage for results. The considerable challenges of processing our day-to-day workloads and moving ahead on initiatives emphasize the need for support of the modest increase in administrative resources which this budget will provide.

The table below displays selected workload measures assumed in this budget:

	Actual	Expected	Results
	FY 1999	FY 2000	FY 2001
Budgetary Resources ($ in millions)			
Limitation on Administrative Expenses*	$6,468	$6,782	$7,134
Selected Workload Measures			
800-number Calls Handled (millions)	59	57	57
800-number 5-Minute Access Rate	96%	92%	92%
Retirement and Survivors Claims Processed (thousands)	3,077	3,044	3,083
Initial Disability Claims Processed (thousands)	2,013	1,975	2,057
Initial Disability Claims Pending (thousands)	458	535	562
Initial Disability Claims Avg. Processing Time (days)	105	115**	117**
Hearings Processed (thousands)	597	585	582
Hearings Pending (thousands)	312	240	191
Hearings Average Processing Time (days)	316	257	208
Periodic Continuing Disability Reviews (CDRs) Processed (thousands)	1,703	1,804	1,729
SSI Non-Disability Redeterminations Processed (thousands)	2,122	2,025	2,050
Social Security Statements Issued (millions)	30	126	126
Annual Earnings Items Processed (millions)	250	259	259
Social Security Numbers Issued (millions)	16	16	16
Representative Payee Actions Processed (thousands)	7,645	7,391	7,462

* FY 1999 and FY 2000 numbers reflect adjustments to appropriation numbers as shown below:
FY 1999: $6,418 million appropriation + $50 million carried over from FY 1998 = $6,468 million.
FY 2000: $6,572 million appropriation + $100 million Automation Investment Fund redirection + $110 million carried over from FY 1999 = $6,782 million.

** Estimates for FY 2000 and FY 2001 reflect the revised disability process being prototyped for approximately 20 percent of claims.

Return-to-Work

This budget requests $58 million in administrative funding directed to Return-to-Work activities, including continuing implementation of the provisions of the *Ticket to Work and Work Incentives Improvement Act of 1999* (P.L. 106-170) enacted in December 1999. This new law expands beneficiaries' choice of employment service providers, allows persons with disabilities to keep or obtain Federal health benefits when they enter, re-enter, or remain in the workforce, and authorizes SSA to carry out demonstration projects to identify effective ways to help disabled beneficiaries return to work. SSA began implementation of the new law in FY 2000, and the budget includes funding to continue and build on these activities in FY 2001.

Annual Performance Plan

As required by the Government Performance and Results Act, SSA is transmitting, under separate cover, an Annual Performance Plan which focuses on outcome measures as well as the more traditional budget measures of performance. The commitments in SSA's FY 2001 Annual Performance Plan are supported by this budget and are consistent with the Agency's Strategic Plan.

SIZE AND SCOPE OF SSA'S PROGRAMS

SSA's administrative budget is driven by the size of the programs we administer – both in terms of the amount of work we do and the number of people we need to do it – and by our continuing efforts to improve service and efficiency.

The following tables show estimated benefit outlays and beneficiary estimates, under current law, for the major programs administered through the LAE account.

Federal Benefit Outlays
(Dollars in billions)

Programs	FY 2001
Old-Age and Survivors Insurance	$360.0
Disability Insurance	$58.3
Supplemental Security Income	$30.5

Beneficiaries
(Average Beneficiaries in Payment Status in Millions)

Programs	FY 1999	FY 2000	FY 2001
Old-Age and Survivors Insurance	37.9	38.2	38.5
Disability Insurance	6.4	6.6	6.8
Supplemental Security Income	6.3	6.4	6.4

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SSA's administrative expenses have remained fairly level as a percentage of overall program expenses. In FY 2001, SSA's Limitation on Administrative Expenses request represents 1.6 percent of total outlays and an increase of $352 million (5.2 percent) in administrative resources. This modest increase, as well as a reduction in our level of overtime, will pay for mandatory cost increases (e.g., Federal payraise, benefit costs, and DDS medical costs) and allow us to continue implementing significant new legislation.

BUDGET PRIORITIES AND THE INITIATIVES THAT SUPPORT THEM

This budget emphasizes initiatives that support SSA's five major goals, improve service and/or produce savings. Further detail on accomplishments and plans for achieving these goals follows.

DELIVERING CUSTOMER-RESPONSIVE, WORLD-CLASS SERVICE

Objectives under this goal include providing timely service and benefit payments. The following initiatives support these objectives.

Improving the Disability Process: SSA has been testing various process improvements to determine which changes will best provide improved service to disability applicants. After analyzing the results of these extensive tests, we are moving forward to improve the disability claims process by combining the successful redesign elements with improvements to the hearings process (see *HPI Initiative* below), and evaluating their effectiveness on a large scale. Specifically, through prototyping in 10 State Disability Determination Services (DDSs), we are improving the initial disability determination process by:

- Providing greater decisional authority to the disability examiner and making more effective use of medical consultant expertise in the disability determination process;
- Ensuring appropriate development and explanations in initial cases;
- Increasing opportunities for claimant interaction with the decision maker; and
- Simplifying the appeals process by eliminating the reconsideration step.

Focusing initially on 10 State DDSs will enable SSA to further refine the disability process and learn more about potential operational impacts before moving to national implementation. This strategy will allow us to put the complete process together and ensure that the changes meet our goal of improved service to disability applicants.

Hearings Process Improvement (HPI) Initiative: While we have made improvements in the hearings process over the last several years, average processing times remain unacceptably high (e.g., 316 days for FY 1999). To further reduce processing times without additional resource expenditures, the HPI initiative will make the hearings process more efficient from request for hearing to final disposition.

HPI was initiated in January 2000 in 37 hearing offices that were selected to prototype modifications to the disability process. Staff in those offices received training on the new process during the month of December 1999. HPI will be rolled out to the remaining hearing offices by January 2001.

Through process improvements, group-based accountability, and automation and data collection, the HPI initiative will make the hearings process more timely, efficient and customer-focused. After HPI is fully implemented, SSA expects that the average hearing processing time will improve to less than 200 days in FY 2002, and productivity will increase by about 16 percent over what the current process would produce. The bottom line is that more cases will be processed without the need for additional resources.

Electronic Payment Services: SSA is continuing efforts to improve benefit payment delivery services by increasing the number of benefits paid by direct deposit. SSA will continue to work with the Treasury Department to encourage the use of direct deposit, or a number of alternatives, among the remaining beneficiaries who are receiving Social Security and SSI checks. In addition, SSA is working to make Treasury's electronic transfer account web site available in SSA field offices to better serve recipients who inquire about their payment options.

Expand Electronic Service Delivery (ESD): A growing number of customers want to conduct government business electronically as they become accustomed to doing commercial business in this way. To provide customer-responsive service, SSA must continue to carefully monitor the ongoing shift in our customers' preferences and prepare to steadily expand service delivery options in response to customer expectations. SSA will continue efforts to expand the services offered electronically to allow customers to complete their business with SSA at the initial point of contact. The Agency will add on-line functionality incrementally, and as privacy/security safeguards are put in place. This will enable SSA to improve customer service and realize some savings by increasing access to public information and forms while developing more complex on-line data collection and processing functions.

Automating Claims and Postentitlement (PE) Processes: SSA's Title II System Redesign will ultimately result in a single system to process virtually all initial claims and client-initiated PE actions in an online interactive mode. This redesign will provide enhanced levels of automation for core business processes and an automated system that is easier and less costly to maintain and modify. This budget assumes operational efficiency improvements driven by enhancements to claims systems, PE systems, and to automated earnings reappraisal operations.

The Modernized SSI Claims System has already eliminated the need to prepare paper input documents by permitting collection of non-disability application information on-line for nearly all SSI initial claims. In FY 1997, SSA extended this function to certain PE situations, giving local offices on-line, real-time access to detailed information about factors affecting SSI eligibility, enabling more business to be conducted in a single contact. This budget supports plans for enhancements to SSI appeals and overpayment processes.

Telephone Service: While the Agency has, for years, been considered a leader in high-quality telephone service delivery, increasing demands have made it more and more difficult to maintain that capability. Despite budget resource limitations and expanding service demands, SSA remains committed to taking proactive steps toward responding to customer needs and expectations. This budget will support today's telephone service through technological enhancements that will allow SSA to manage call delivery better and more effectively direct calls to agents with the skills to answer the caller's questions. This budget will maintain telephone performance at the FY 2000 level.

MAKING SSA PROGRAM MANAGEMENT THE BEST-IN-BUSINESS WITH ZERO TOLERANCE FOR FRAUD AND ABUSE

SSA's strategy to combat fraud includes enhancing overall program integrity and stewardship by conducting periodic CDRs and SSI redeterminations, improving payment accuracy, increasing debt collections, and implementing aggressive plans to deter, identify and prosecute fraud.

Continuing Disability Reviews: A key activity in ensuring the integrity of the disability programs is the periodic performance of continuing disability reviews (CDRs) through which SSA determines whether beneficiaries continue to be entitled to benefits because of their medical conditions. SSA is strongly committed to working down the CDR backlog. SSA has made great progress in this area, substantially eliminating the backlog of CDRs that had accumulated since the early 1990s. This budget continues the use of earmarked funding to carry out our multi-year plan, which calls for processing another 1.7 million periodic CDRs in FY 2001. SSA will continue to track and report the actual cost of performing CDRs and projected program savings.

SSI Non-Disability Redeterminations: The most powerful tool available for improving the accuracy of SSI payments is the redetermination process, which focuses on the income and resource factors affecting eligibility and payment amounts. Periodic redeterminations are required by law, and hundreds of millions of dollars in payment changes are made as a result of redeterminations. Because redeterminations are so effective in reducing overpayments, SSA is vigorously working to detect overpayments more quickly and to prevent future overpayments by continuing to conduct substantial numbers of redeterminations.

Payment Accuracy: SSA's efforts to improve payment accuracy encompass a broad range of activities designed to detect and prevent incorrect payments, and to aggressively seek recovery of identified overpayments. These efforts include the significant budget investments in continuing disability reviews and non-disability SSI redeterminations discussed above, as well as increased emphasis on the use of computer matches to identify and eliminate overpayments. In addition, SSA's ability to improve payment accuracy is enhanced by a knowledgeable and experienced workforce. We are offering additional training to our workforce to improve eligibility determination skills, and to increase the timeliness and accuracy of benefit payments.

Debt Collection: While SSA's objective in managing the OASDI and SSI programs is to achieve the highest accuracy rate possible, it is inevitable that some debt will be created because of the dynamics of the programs. Our stewardship responsibilities require that we recover as much of this debt as possible. SSA's debt management program currently makes use of many of the debt collection tools available under existing law, and we are in the process of implementing the remainder.

For example, SSA is using the following debt collection authorities to collect overpayments:

- Administrative offset against other Federal payments (e.g., vendor payments);
- Collection of delinquent debts from Federal income tax refunds; and
- Referral of delinquent debtors to credit bureaus.

In addition, SSA is developing two new debt collection tools:

- Mandatory Cross Program Recovery as authorized by the Non-Citizen Benefit Clarification and Other Technical Amendments Act of 1998 will be implemented in FY 2000; and
- Administrative Wage Garnishment as authorized under the Debt Collection Improvement Act of 1996 will be implemented in FY 2001.

SSA also plans to develop the use of remaining debt collection authorities such as Federal salary offset, private collection agencies and charging interest, and to expand the Treasury Offset program and credit bureau reporting to the SSI program as authorized by the Foster Care Independence Act of 1999.

Additional Efforts to Combat Fraud: In any benefits program, there is potential for deliberate acts of deception. While we have not found widespread fraud in our programs, any level of fraud is a source of concern. As stewards of the public trust, SSA is committed to remaining vigilant in our efforts to combat fraud.

SSA is engaged in an aggressive program to deter, detect, investigate and prosecute fraud. To carry out this effort, SSA and its Office of Inspector General (OIG) have developed a comprehensive anti-fraud plan entitled "Zero Tolerance for Fraud." The plan has three goals:

- To change programs, systems and operations to reduce instances of fraud;
- To identify and eliminate wasteful practices that erode public confidence; and
- To prosecute vigorously, individuals or groups whose actions undermine the integrity of SSA's programs.

Since its establishment in 1995, SSA's OIG has steadily increased its investigative resources for combating fraud. Our FY 2001 budget proposal includes funding to continue increasing OIG investigative activities consistent with SSA's anti-fraud plans.

The recently enacted Foster Care Independence Act of 1999 includes a number of provisions for improving fraud prevention, including an administrative procedure for imposing penalties for false or misleading statements.

PROMOTING VALUED, STRONG AND RESPONSIVE SOCIAL SECURITY PROGRAMS AND CONDUCTING EFFECTIVE POLICY DEVELOPMENT, RESEARCH, AND PROGRAM EVALUATION

SSA is pursuing this objective through its programs of innovative employment strategies and revitalized research.

Return-to-Work Initiatives: SSA recognizes that it is better for the individual and the nation to create opportunities for beneficiaries with disabilities to enter the workforce, thereby enabling them to lead more productive, self-sufficient lives. With this budget, SSA will continue efforts to implement the *Ticket to Work and Work Incentives Improvement Act of 1999*, working to enhance disability beneficiaries' opportunities to work through a combination of incentives and supports.

This budget provides funding for:

- Program management contracts to administer the Ticket to Work and Self-Sufficiency Program;
- Demonstration projects to enable beneficiaries to return-to-work;
- Establishment of a corps of SSA employment support specialists;
- Vocational rehabilitation services for successful rehabilitation of Social Security and Supplemental Security Income beneficiaries; and
- Implementation of Work Incentives outreach program grants.

Research: Establishing a strong, cohesive policy development process at SSA is vital to the continued success of the Agency in serving the American public. Continued investment in research and program evaluation enhances the policy-making capacity to help fulfill our role of providing information for, and participating in, the national debates on the future of the programs we administer. Our FY 2001 extramural research budget includes $30 million in new budget authority to support our activities in the following areas:

- Retirement Policy Research;
- Disability Policy Research;
- Supplemental Security Income Policy Research; and
- Policy Evaluation.

This will help us, and others, better predict and analyze the impact of policy changes both before and after they are implemented. Together, our extramural research and program evaluation efforts provide a comprehensive array of information to help decision-makers in addressing the issues, such as changes in demographics, the workforce, and medical science, affecting SSA's programs.

STRENGTHENING PUBLIC UNDERSTANDING OF THE SOCIAL SECURITY PROGRAMS

Social Security Statements: One of SSA's basic responsibilities to the public is to help Americans understand Social Security and its importance to them and their families. As part of our public education efforts, SSA has begun sending out annual Social Security Statements.

In amendments to the Social Security Act in 1989 and 1990, Congress provided that SSA issue earnings and benefit estimate statements annually, beginning in FY 2000, to all covered workers aged 25 and older who are not already receiving monthly Social Security benefits. We are now issuing approximately 10 million statements each month to workers 25 and older – the largest customized mailing ever undertaken by the Federal government. The statements provide estimates of Social Security retirement, disability and survivors' benefits, together with a record of workers' earnings. This budget will permit us to continue to meet this mandated requirement.

Strengthening Public Education Efforts: SSA is developing public education products and strategies designed to strengthen public understanding in the following five important areas of the Social Security programs:

- Basic program facts;
- Financial value of programs to individuals;
- Economic and social impact of the programs;
- How the programs are financed today; and
- Financing issues.

BEING AN EMPLOYER THAT VALUES AND INVESTS IN EACH EMPLOYEE

SSA recognizes that a highly-skilled and high-performing workforce is key to achieving our strategic goals and that ultimately, the measure of our employees' performance is expressed in the performance of the Agency. We are focusing on workforce planning and on providing employees tools, training, and a physical environment that support their contribution to achieving SSA's mission. Our efforts include:

- Planning for transition from the workforce of today to the workforce of the future. SSA transition planning is addressing retirement attrition, succession planning, recruitment and retention, diversity, career development strategies, and other personnel issues.

- Providing networked intelligent workstations that support such features as expert systems, online instructions, and interactive video teletraining; software training; and ergonomic furniture.

- Enhancing physical security, environmental health and safety, obtaining information about employee concerns, and identifying and resolving existing and potential problems to ensure all employees are in a safe, secure, and professional environment.

ADDITIONAL BUDGET DETAIL

Annual Report Required by Section 211 of the Foster Care Independence Act of 1999

Section 211 of the *Foster Care Independence Act of 1999* (P.L. 106-169), enacted in December 1999, requires the Commissioner of Social Security to report annually in his budget on the funds needed to combat applicant and beneficiary fraud. To meet this new reporting requirement, SSA will adopt the same strategic-goal based approach it uses for planning and budget presentation. More specifically, SSA will report the plans and resources budgeted for its strategic goal, *Making SSA Program Management the Best-in-Business, with Zero Tolerance for Fraud and Abuse*, which lays out SSA's overall program integrity efforts. The efforts associated with this goal encompass approximately $1.7 billion of SSA's FY 2001 administrative budget, and include such items as the Inspector General's budget, continuing disability reviews, SSI non-disability redeterminations, representative payee costs, annual earnings postings and records maintenance, and debt collection efforts. These programs are summarized earlier in this document. A more comprehensive discussion of SSA's planned means and strategies for SSA's program integrity efforts are presented in SSA's Annual Performance Plan (APP) for FY 2001.

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Social Security Advisory Board

This budget includes $1.8 million for FY 2001 for the Social Security Advisory Board. The Social Security Independence and Program Improvements Act of 1994 mandated the creation of a seven-member Advisory Board to make recommendations on policies and regulations relating to SSA's major programs: Old Age and Survivors and Disability Insurance and Supplemental Security Income. The Board is required by law to meet at least four times per year.

Full-Time Equivalents and Workyears

A summary of SSA and Disability Determination Service (DDS) full-time equivalent (FTE) and workyear (WY) estimates is shown in the table below. FTEs measure the cumulative WYs of effort during the fiscal year by all full-time, part-time and temporary employees working on regular time. Total WYs include FTEs and overtime workyears.

The Limitation on Administrative Expenses (LAE) covers trust fund and SSI program needs. "All programs" includes LAE plus Black Lung, reimbursable work and the Office of Inspector General.

	FY 1999	FY 2000	FY 2001
SSA Full-Time Permanent Employees	59,606	60,000	60,000
SSA FTEs			
LAE only	62,312	62,514	62,256
All programs	62,972	63,350	63,140
SSA Total WYs			
LAE only	65,760	64,311	62,889
All programs	66,459	65,203	63,831
DDS Total WYs	14,611	14,330	14,015
Total WYs (SSA + DDS)	81,070	79,533	77,846

Limitation on Administrative Expenses (LAE)
Budget Authority and Obligations

Dollars in Millions	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SSA Proper			
--Budget Authority	$4,747	$4,880	$5,350
--Obligations	$4,640	$5,092	$5,350
Disability Determination Services			
--Budget Authority	$1,412	$1,439	$1,483
--Obligations	$1,442	$1,459	$1,483
Information Technology Systems			
--Budget Authority	$259	$254	$301
--Obligations	$232	$258	$301
Automation Investment Fund			
--Budget Authority	$0	$0	$0
--Obligations	$170	$51	$0
Total LAE Account			
--Budget Authority [1]	$6,418	$6,572 [2]	$7,134
--Obligations	$6,484	$6,860	$7,134
(Additional CDR Funding Included Above)			
--Budget Authority	$355	$385	$450
--Obligations	$335	$405	$450

[1] Includes SSI State supplementation user fees of $75 million in FY 1999, $80 million in FY 2000, and $91 million in FY 2001.

[2] Does not add due to rounding.

Social Security Administration

Detail of Full-Time Equivalent Employment (FTE)

Account	FY 1999 Actual	FY 2000 Appropriation	FY 2001 Estimate
Limitation on Administrative Expenses (LAE)	62,312	62,514	62,256
Special Benefits for Disabled Coal Miners (BL)	0	0	0
Reimbursable Work (LAE and BL)	232	300	300
SSA Proper (excluding OIG)	62,544	62,814	62,556
Office of the Inspector General	428	536	584
All Programs (including OIG)	62,972	63,350	63,140

Fiscal Year	Average Grade
1999	10
2000	10
2001	10

SOCIAL SECURITY ADMINISTRATION

Office of the Inspector General

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SOCIAL SECURITY ADMINISTRATION

Office of the Inspector General

For expenses necessary for the Office of the Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, [$15,000,000] *$17,000,000,* together with not to exceed [$51,000,000] *$56,000,000,* to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

In addition, an amount not to exceed 3 percent of the total provided in this appropriation may be transferred from the "Limitation on Administrative Expenses", Social Security Administration, to be merged with this account, to be available for the time and purposes for which this account is available: *Provided,* That notice of such transfers shall be transmitted promptly to the Committees on Appropriations of the House and Senate. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2000, as enacted by section 1000(a)(4) of the Consolidated Appropriations Act, 2000 (P.L. 106-113).)*

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Office of the Inspector General

Amounts Available for Obligation
(Dollars in thousands)

	FY 1999 Actual	FY 2000 Appropriation	FY 2001 Estimate
General Funds			
Annual appropriation	$12,000	$15,000	$17,000
Reduction pursuant to P.L. 106-113	—	-56	—
Subtotal, adjusted general funds	$12,000	$14,944	$17,000
Trust Funds			
Annual transfer	$44,000	$51,000	$56,000
Reduction pursuant to P.L. 106-113	—	-192	—
Subtotal, adjusted trust funds	$44,000	$50,808	$56,000
Subtotal, appropriation	$56,000	$65,752	$73,000
Unobligated balance lapsing	-803	—	—
Total obligations	$55,197	$65,752	$73,000

Office of the Inspector General

Summary of Changes

FY 2000 Appropriation	$65,752,000
General Funds	$14,944,000
Trust Funds	$50,808,000
FY 2001 Estimate	$73,000,000
General funds	$17,000,000
Trust funds	$56,000,000
Net Change	+$7,248,000

	FY 2000 Appropriation		Change from Base	
	(FTE)	Budget Authority	(FTE)	Budget Authority
Increases				
A. Built-in:				
1. Annualization of January 2000 pay raise	(536)	$52,000,000	—	+$601,000
2. Effect of 3.7 percent January 2001 pay raise			—	+$1,227,000
3. Change in base payroll costs related to career ladder promotions and within-grade increases			—	+$431,000
4. Change in base expenses for payroll benefits increases including health benefits, and new employees hired under FERS			—	+$1,619,000
5. Mandatory growth in nonpayroll costs, including higher costs of space, postage, telecommunication services, and GSA financial audits contract		$4,900,000		+$764,000
6. All other nonpayroll changes, including travel, printing, services, and supplies		$6,295,000		+$722,000
Subtotal, built-in increases				+$5,364,000

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	FY 2000 Appropriation		Change from Base	
	(FTE)	Budget Authority	(FTE)	Budget Authority
B. Program:				
1. Payroll cost associated with the annualized FTE increase for new staff hired in FY 2000	(536)	$52,000,000	(+48)	+$3,268,000
Subtotal, program increases			(+48)	+$3,268,000
Total, increases			(+48)	+$8,632,000
Decreases				
A. Built-in:				
1. Net decrease in all other personnel compensation	(536)	$52,000,000		-$511,000
B. Program:				
1. Decrease for one-time cost of equipment purchases and site preparation		$2,557,000		-$873,000
Total, decreases				-$1,384,000
Net change			(+48)	+$7,248,000

Office of the Inspector General

Budget Authority by Activity
(Dollars in thousands)

	FY 1999 Actual	FY 2000 Appropriation	FY 2001 Estimate
General funds	$12,000	$14,944	$17,000
OASDI trust fund transfers	44,000	50,808	56,000
Total	$56,000	$65,752	$73,000
(Obligations)	($55,197)	($65,752)	($73,000)
(FTEs)	(428)	(536)	(584)

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Office of the Inspector General

Budget Authority by Object

	FY 2000 Appropriation	FY 2001 Estimate	Increase or Decrease
Full-time equivalent employment	536	584	+48
Full-time equivalent of overtime and holiday hours	3	4	+1
Average ES salary	$122,100	$128,200	+$6,100
Average GS grade	13	13	—
Average GS salary	$75,200	$75,700	+$500
Personnel compensation			
Full-time permanent	$40,074,000	$43,959,000	+$3,885,000
Other than full-time permanent	189,000	199,000	+10,000
Other personnel compensation	1,337,000	1,000,000	-337,000
Total personnel compensation	$41,600,000	$45,158,000	+$3,558,000
Civilian personnel benefits	10,400,000	13,477,000	+3,077,000
Total compensation and benefits	$52,000,000	$58,635,000	+$6,635,000
Travel	3,200,000	3,498,000	+298,000
Transportation of things	250,000	285,000	+35,000
Rental payments to GSA	1,900,000	2,125,000	+225,000
Rental payments to others	170,000	200,000	+30,000
Communications, utilities, and miscellaneous charges	530,000	639,000	+109,000
Printing and reproduction	45,000	51,000	+6,000
Other services	4,500.000	5,230,000	+730,000
Supplies and materials	600,000	653,000	+53,000
Equipment	2,457,000	1,684,000	-773,000
Land and structures	100,000	0	-100,000
Total, budget authority	$65,752,000	$73,000,000	+$7,248,000

Office of the Inspector General

Authorizing Legislation

	2000 Amount Authorized	2000 Appropriation	2001 Amount Authorized	2001 Budget Request
Office of the Inspector General				
P.L. 103-296	Indefinite	$65,752,000	Indefinite	$73,000,000

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Office of the Inspector General

Appropriations History Table

Fiscal Year	Budget Estimate To Congress	House Allowance	Senate Allowance	Appropriation
FY 1995 [1]				
Appropriation	—	—	—	$2,408,000
Trust Funds	—	—	—	$8,038,000
FY 1996				
Appropriation	$6,964,000	$4,816,000	$4,816,000	$4,801,000
Trust Funds	$20,253,000	$21,076,000	$21,076,000	$21,014,000
FY 1997				
Appropriation	$6,335,000	$6,335,000	$6,335,000	$6,335,000
Trust Funds	$21,089,000	$21,089,000	$21,089,000	$31,019,000
FY 1998 [2]				
Appropriation	$10,164,000	$10,164,000	$6,335,000	$10,164,000
Trust Funds	$34,260,000	$42,260,000	$31,019,000	$38,260,000
FY 1999				
Appropriation	$12,000,000	$12,000,000	$11,082,000	$12,000,000
Trust Funds	$40,000,000	$44,000,000	$39,130,000	$44,000,000
FY 2000 [3]				
Appropriation	$15,000,000	$12,000,000	$15,000,000	$14,944,000
Trust Funds	$51,000,000	$44,000,000	$51,000,000	$50,808,000
FY 2001				
Appropriation	$17,000,000			
Trust Funds	$56,000,000			

[1] Effective March 31, 1995, funds were transferred from the Department of Health and Human Services to the Social Security Administration pursuant to section 105(b) of P.L. 103-296 (108 STAT.1473), the Social Security Independence and Program Improvements Act of 1994.

[2] Excludes $800,000 transfer from Limitation on Administrative Expenses account pursuant to P.L. 105-78.

[3] The $15,000,000 in appropriated funds and $51,000,000 in trust funds included in the language for this account for FY 2000 were reduced by $56,000 and $192,000, respectively, in accordance with P.L. 106-113.

Office of the Inspector General

Justification

FY 2000 Appropriation		FY 2001 Estimate		Increase or Decrease	
FTE	Amount	FTE	Amount	FTE	Amount
536	$65,752,000	584	$73,000,000	+48	+$7,248,000

General Statement

In support of SSA's goal of zero tolerance for fraud and increasing overall program integrity, the FY 2001 President's budget for the SSA Office of the Inspector General (OIG) is $73 million in total obligational authority and 584 full-time equivalents (FTE). This is $7,248,000 and 48 FTEs above the amount authorized in FY 2000.

For FY 2000, Congress appropriated $65,752,000 (including a rescission of $248,000 in accordance with P.L. 106-113), which enables OIG to complete the final phase of hiring additional investigative and audit staff and cover full operation of the SSA Fraud Hotline. The FY 2001 budget request provides the resources to maintain a full staff complement of 579 full-time permanent staff nationwide. This includes payroll costs to maintain this staffing level throughout the year, in addition to needed support costs. Only replacement hires are planned for FY 2001 to cover staff turnover.

Major Initiatives for FY 2000 and 2001

In addition to maintaining current service levels, during FY 2001 the OIG will expand and focus on the following initiatives:

1. Cooperative Disability Investigations (CDI) Teams

   SSA and OIG developed and implemented the deployment of CDI teams. These teams combine the resources and talents of OIG Special Agents and State law enforcement officers, as well as SSA and State Disability Determination Service claims professionals. The teams investigate suspicious initial and continuing claims of disability and prevent individuals from fraudulently obtaining benefits at the front-end. Teams also seek to have the Department of Justice prosecute third parties that facilitate disability fraud. This project initially established five CDI teams in Georgia, Louisiana, Illinois, New York and California.

   - During FY 1999, these five CDI teams received 1,098 allegations of fraud or fraudulent applications, and confirmed 378 cases of fraud or false applications.
   - In addition, the teams documented $362,739 in restitution and scheduled recoveries to SSA, identified $20,366,102 in estimated SSA program savings, and reported an additional $6,309,860 in estimated savings to other Federal and State programs.

- The initial success of these teams prompted OIG and SSA to establish new teams in Missouri, Oregon, and Texas during FY 1999, with plans to expand by two or three additional sites in FY 2000 and possibly two more sites in FY 2001.

2. Fugitive Felon Project

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (commonly known as the Welfare Reform Act) made individuals ineligible to receive SSI during any month in which the recipient is fleeing to avoid prosecution for a felony, fleeing to avoid custody or confinement after conviction for a felony, or violating a condition of probation or parole imposed under Federal or State law. This project identifies individuals illegally receiving SSI by conducting computer matches with the Federal Bureau of Investigation, the U.S. Marshals Service, and State agencies.

- In FY 1999, OIG's Office of Investigations (OI) identified 7,421 fugitives who were overpaid a total of $17,219,213 and projected an estimated program savings of $27,087,149. Out of the 7,421 fugitives, 1,586 have been arrested.

- With the implementation of the first State computer matching agreement in June 1999, OI identified 4,375 more fugitives in the second half of the fiscal year. This represents about a 287 percent increase over the 1,523 fugitives identified in the first half of the fiscal year.

As more computer matching agreements are implemented in FY 2000 and FY 2001, OI expects this workload to expand exponentially. In FY 2001, more resources will be dedicated to this effort.

3. Combating Social Security Number (SSN) Misuse and Identity Theft

The Identity Theft and Assumption Deterrence Act of 1998 (P.L. 105-318), commonly called the Identity Theft Act, acknowledges that the SSN is a means of identifying an individual. This legislation empowers law enforcement authorities to arrest, prosecute, and convict individuals who fraudulently use another person's SSN to create a false identity. This law also charges the Federal Trade Commission (FTC) with establishing a centralized identity theft complaint data base and providing informational material on identity theft to complainants. With the implementation of the Identity Theft Act, there is now a public expectation that the Federal government will take action against those individuals who commit identity theft.

- In FY 1999, our Fraud Hotline processed more than 75,000 allegations, of which 39 percent involved allegations of SSN misuse. Armed with the new Identity Theft Act, OIG took a proactive stance in addressing identity theft and SSN misuse and is working collectively with other Federal organizations to reduce the incidence and impact of these crimes. These activities include working with the FTC to develop educational and informational material that is consistent throughout the Federal government for victims of identity theft.

- OI launched SSN misuse pilot projects in five cities across the Nation and started to receive identity theft complaints from the FTC. In these projects, Special Agents provide the lead in working with various Federal and State agencies along with the Assistant U.S. Attorneys and State Prosecutors on SSN misuse referrals. OIG's Office of Audit (OA) also coordinates with OI in this area. OA identifies potential fraud cases in its audits and refers them to OI for investigation. In FY 2001, we plan to expand our investigative and audit efforts in this area to respond to issues that impact SSA program integrity and the enumeration business process.

4. Systems Controls and Security Efforts

One of the challenges facing SSA is giving the public the service it expects during a period of increasing demands, without a corresponding increase in staff. Over the next several years, the "baby boomers" are expected to begin retiring, causing substantial increases in SSA's operational workloads. To meet this challenge, SSA must increase reliance on automated systems. The sensitivity of the data maintained and the magnitude of funds expended make controls in automated systems critical to the integrity of SSA programs and client satisfaction.

- In late FY 1999, OIG established a Critical Infrastructure Division (CID) that is charged with developing and evaluating SSA programs and policies to protect SSA from cyber and physical threats.

- In FY 2001, CID will focus its efforts on conducting intrusion investigations and computer forensics examinations in the cyber crime arena and will identify measures to prevent security breaches.

- OIG will also increase its audit focus on SSA's electronic systems to ensure their integrity, reliability and security.

5. Expansion of Civil Monetary Penalty (CMP) Program

The Commissioner of Social Security has delegated to the OIG authority to impose civil monetary penalties against violators of sections 1129 and 1140 of the Social Security Act (Act). Effective October 1, 1994, section 1129 prohibits persons from making false statements or representations of material facts in connection with applications for benefits or payments under titles II or XVI of the Act. Upon obtaining civil and criminal declinations from the U.S. Attorney's Office, OIG is authorized to impose penalties of up to $5,000 for each false statement or representation.

Section 1140 of the Act prohibits the use of SSA's program words, letters, symbols, or emblems in advertisements or other communications in manner that falsely conveys approval, endorsement or authorization by SSA. Each such misleading communication subjects the violator to a $5,000 penalty. In accordance with both sections 1129 and 1140, OIG is responsible for initiating proceedings, conducting settlement negotiations, and litigating cases before the Department Appeals Board. In FY 2001, OIG will continue to make combating this kind of fraud and misleading advertising in connection with SSA's programs a top priority.

6. Government Performance and Results Act (GPRA) Performance Monitoring

OIG developed a three-year plan to review SSA's implementation of GPRA. In implementing this plan, every OA issue team nationwide conducts GRPA-related reviews, with one issue team dedicated to coordinating all GPRA reviews. All of the teams determine the reliability of SSA's performance data and ensure that SSA's implementation of GPRA is in accordance with GPRA requirements. Additionally, contracted services were acquired to assist in completing the 3-year plan. In FY 2001, we will complete the three-year cycle and will begin planning for the next phase of review of SSA's strategic planning initiatives.

7. Financial Management Improvement Recommendations

The Chief Financial Officers Act of 1990 (P.L. 101-576), as amended, requires that the Inspector General or an independent external auditor, as determined by the Inspector General, audit SSA's financial statements in accordance with the General Accounting Office's Government Auditing Standards. For FY 2001, funding is included in this request to cover anticipated increases in the cost of this contract.

Monetary Benefits

In FY 1999, the OIG continued to report large savings and improvements in productivity. During FY 1999, we issued 59 audits and evaluations recommending that approximately $270 million in Federal funds could be put to better use. In addition to these savings, OI, in alliance with other Federal, State and local law enforcement departments, obtained 3,139 criminal convictions resulting in almost $214 million in judgements, restitution, recoveries, fines and estimated savings. During FY 1999, the OIG Civil Monetary Penalty program got off the ground with impressive results.

Strategic Planning

On October 1, 1999, the OIG revised its strategic plan with a view toward assisting SSA in attaining its own performance goals. This plan is an effective tool in advancing our work in combating fraud, waste and abuse against SSA's programs as well as identifying new means for improving SSA's systems. We also established a workgroup comprised of representatives from all OIG components to coordinate GPRA-related activities across the OIG.

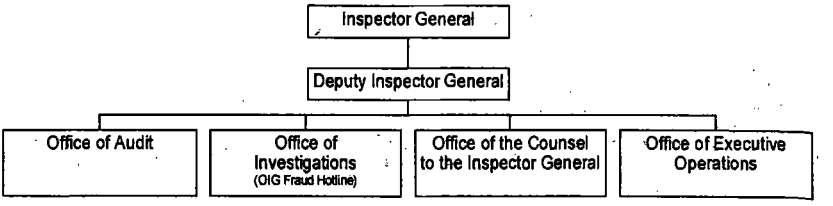
Transfer Authority

The budget request includes language providing authority to transfer an amount up to 3 percent of the total OIG appropriation from the Limitation on Administrative Expenses appropriation. This language provides the flexibility to meet unanticipated funding requirements and ensure that adequate resources are available to meet program objectives. The request is consistent with similar authority to transfer funds between appropriations provided to other Departments and Agencies in appropriation language.

OIG's Organization Structure and Mission

SOCIAL SECURITY ADMINISTRATION

OFFICE OF THE INSPECTOR GENERAL



As mandated by the Inspector General Act of 1978, as amended, the OIG's mission is to protect the integrity of SSA's programs. The OIG is directly responsible for promoting economy, efficiency, and effectiveness in SSA programs and detecting and preventing fraud, waste, and abuse. This mission is carried out through a nationwide network of audits, evaluations and investigations. In the conduct of its work, the Inspector General works closely with both the Congress and SSA to improve program management. The OIG is comprised of the Offices of Audit, Investigations, Counsel to the Inspector General, and Executive Operations.

The Office of Audit (OA) conducts comprehensive audits and evaluations of SSA's programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. There are two general types of audits: financial and performance. Financial audits, which are required by the Chief Financial Officers' (CFO) Act, assess SSA's financial statements to determine whether they fairly present the Agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs.

In addition, OA conducts short-term management and program evaluations focused on issues of concern to SSA, the Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting problems after they occur.

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants and beneficiaries; contractors; physicians, interpreters, representative payees and other third parties; and SSA employees in the performance of their duties. The OI usually works independently, but at times conducts joint investigations with other Federal, State and local law enforcement agencies. The Allegation Management Division operates the OIG Fraud Hotline which is an integral part of OI operations.

OI focuses its work in the following six areas in SSA's programs and operations that have potential for widespread fraud and abuse:

- Combating Employee Fraud
- Disability Fraud
- SSI Eligibility Fraud
- Institutionalization
- Payments Made to Deceased Individuals
- SSN Misuse and Identity Theft

The Office of the Counsel to the Inspector General (OCIG) provides legal advice and counsel to the Inspector General on a variety of issues including statutes and legislative proposals, regulations, SSA policy directives, and OIG investigative procedures and techniques. OCIG also analyzes the legal implications and conclusions to be drawn from audit and investigative work products. Finally, OCIG is responsible for implementing the civil monetary penalty (CMP) program under Sections 1129 and 1140 of the Social Security Act.

The Office of Executive Operations (OEO) supports the OIG components by providing resource management needs including budget, administrative, human resources, information resources management, internal and external communications, and planning services. Additionally, OEO plans, designs, and implements an external affairs program to communicate OIG programs, policies, and activities to Agency officials, other Federal agencies, Congress, and the public. Finally, OEO ensures the adequacy of OIG quality assurance and internal control programs and conducts investigations of OIG employees when warranted.

Rationale for the Budget Request

The budget request for FY 2001 is $73,000,000 and 584 FTEs, which reflects an increase of $7.2 million from comparable FY 2000 funding levels. In FY 2000, OIG assumed sole responsibility for operation and management of the SSA Fraud Hotline. Also, in line with planned staffing commitments, OIG will complete the extensive hiring scenario that continued over the past several years by reaching its targeted level of 579 FTP staff. The FY 2001 funding increase will be used to cover the annualized increase in FTEs related to the additional staff hired in 2000, mandatory personnel costs (such as within-grade increases, Federal pay raises, and benefit rate increases), and OIG's additional requirements for contract support services for audit-related activities.

Office of the Inspector General

Detail of Full-Time Equivalent (FTE) Employment

	FY 1999 Actual	FY 2000 Appropriation	FY 2001 Estimate
Office of the Inspector General	428	536	584

Fiscal Year	Average Grade
1999	13
2000	13
2001	13

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